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# FINANCIAL TIMES

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## NEWS SUMMARY

### GENERAL

**Seretse Khama snubs Amin**

Botswana became the first Black African state to express disapproval with General Amin and did so in a manner that could have repercussions for AU if others follow. President Seretse Khama announced his country would not be part in the annual OAU meetings due to be held in Kampala in July. This was because of Amin's "apparent disregard for the sanctity of life." This clearly refers to the case of British lecturer Dennis Hills, being a Uganda firing squad. London, the Foreign Office met Amin's latest claim that it is a spy. It is customary for the Head of State of the OAU summit's host country to become President of the Organisation.

**Lord Lucan: a fresh trail**

Two senior detectives hunting Lord Lucan for murder are convinced he is alive and living in France. The police have included after hotel staff in harboring recognised the missing peer from a photograph. Police believe he has visited the Grand Hotel there several times in recent months. The search has been extended across North-west France.

### Leira patrol off

The Beira patrol, probably the Navy's most dauntingly boring task in recent years, has been ended following the independence of Mozambique. For nine years, RN ships have taken turns to patrol up and down the Mozambique channel to prevent the rhinoceros from the Rhodesians through Beira port.

### Labour men for Europe

A careful balance between pro and anti and Labour Right has been struck by Labour in its list of 12 MPs and six peers for its delegation to the European Parliament. Leader will be either Sir Geoffrey de Freitas.

### MP 'gag' ruling

Speaker's ruling is expected today on whether statements by Mr. Arthur Scargill, president of the Yorkshire area of the NUM, calling on union-sponsored MPs to "vote the line," constitutes a breach of Parliamentary privilege. The issue is based on a union resolution saying none of the MPs should speak because union MPs.

### People, places

The man whose rape case was dropped by Mr. Justice Christy Humphreys on Monday was acquitted yesterday in Cambridge. Van driver Peter Cook was committed in custody for trial at Norwich on rape charges. A man aged 38 is helping police find another aged 73 was killed in a drunken fall in the street. Seven miners were killed and nine others trapped in a colliery deep down a goldmine car Johannesburg.

Dark Bonham Carter has been appointed a governor and vice-chancellor of the BBC. Piers, a red hot form on a sizzling day, champion Jimmy Connors, dismissed of Britain's No. 1, Mark Woodhouse, in straight sets at Wimbledon. Fighting referee Sergio Pasquale to send off 19 players in friendly Santiago soccer international and rule the game ended with Chile leading Uruguay 3-1.

### CHIEF PRICE CHANGES YESTERDAY

(Prices in pence unless otherwise indicated)

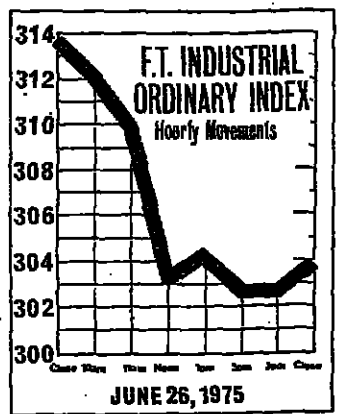
RISES	
Barclays Bank	58 + 5
British Airways	119 + 9
Phillips Lamp	73 + 17
Aspirin	67 + 5
Attack Oil	64 + 6
Aspirin	1211 + 1
De Beers Ltd.	314 + 6
Aluminium	390 + 30
Aluminium	143 + 25
Northgate Export	265 + 15
Selection Trust	585 + 15
Chalk Mining Aust.	730 + 25
Waldington	225 + 15

FALLS	
Assed. Cement	134 - 7
Assed. Newspapers	86 - 7
Beecham	267 - 8
Bac	301 - 9
Roofs	204 - 10

### BUSINESS

**Weak £ pushes equities down 9.9**

Equities were unsettled by fresh weakness in sterling and heavy selling developed in the morning. The FT 30-Share Index



closed a little above the day's low at 303.2, down 9.9, and a fall of 51.5 points in the past 15 trading days.

● GILTS turned down sharply, again on sterling's weakness, with losses of up to 1- The Government Securities Index closed 0.27 lower at 58.67.

● STERLING fell 135 points to \$2.2430: its weighted depreciation was 27.1 (26.8) per cent., a new low. Dollar's fall narrowed to 6.35 (6.40) per cent.

● GOLD fell \$1 to \$164.1.

● WALL STREET closed up 1.41 at 874.14 on further evidence from the composite index of leading U.S. indicators that the U.S. recession had passed its nadir. Page 4

● SUBSIDIES on essential goods, an employment premium and a surcharge on personal income tax are the main elements of the Irish Republic's second Budget this year. Back Page

● BSC manual workers settled last night for a 24 per cent. pay rise. But the deal will run for only seven months. Back Page

● BRITISH GAS CORPORATION has been granted two loans totalling £24m. by the European Investment Bank to finance a pipeline from the Frigg North Sea field. Back Page

**Leyland offers near equality**

● BRITISH LEYLAND offers employees almost equal control in the reorganised corporation, but retains management's rights to the final decision in the event of no agreement by a joint board. Back Page

● GOVERNOR of the Bank of England, Lord Harewood, must achieve a basic redirection of economic activity. Back Page

● TRADING PROFITS of 408 industrial companies in the latest Financial Times survey rose by 48 per cent. compared with a previous rise of 9.7 per cent. Page 41

### COMPANIES

● ATV Corporation pre-tax profits fell more than 11.5m. to £5.75m. for the year to end March. The dividend is cut from 1.275p to 3.9p. Page 32 and Lex

● RACAL ELECTRONICS taxable profits for the year ended March 31 reached £2.56m. compared with a forecast of more than £2m. and last year's £2.25m. Page 31 and Lex

● TOYO KOGYO, Japan's third biggest car maker, reports a loss of £16.6m. for the six months ended April. The second half-year should show a definite improvement. Page 34

## Mrs. Gandhi jails opposition leaders in plot allegations

By K. K. SHARMA, NEW DELHI CORRESPONDENT

In a dramatic and totally unexpected move, Mrs. Indira Gandhi yesterday clamped a state of emergency on India and put nearly 700 prominent Opposition leaders in jail after declaring there was a plot to oust her and create instability in the country.

There has been a technical state of emergency in the country since the war over Bangladesh in 1971, so apparently Mrs. Gandhi's act was meant to heighten the urgency of the situation that she has initiated and to make them appear credible. The emergency, proclaimed by President Fakhruddin Ali Ahmed on the advice of Mrs. Gandhi and her Cabinet, was announced on the grounds that there was "a threat of internal disturbances threatening the security of India."

In an unscheduled broadcast, Mrs. Gandhi did not refer to the dawn swoop on Opposition leaders—including the Sarvodaya (peace) leader, Mr. J. P. Narayan—but spoke of the "paramount duty to safeguard unity and stability and the nation's integrity."

There was a news blackout soon after the emergency was proclaimed, and international communications with New Delhi were cut in the evening.

The only source of news after the breakdown of communications with New Delhi was All India Radio, which reported that the number of arrests was about 700. BBC's correspondent in New Delhi reported that the

situation in the Indian capital was "calm" and that there were no signs of any kind of revolt against Mrs. Gandhi. But there was some "hooliganism" in Ahmedabad, capital of Gujarat State where recent elections went against Mrs. Gandhi's Congress Party.

An official spokesman said that a total of 676 Opposition and other political leaders had been arrested, 90 of whom were taken into custody in New Delhi. He also reported that, but not serious, incidents in some towns. Justifying the emergency, he said the proclamation stemmed from "a programme of action contemplated by groups whose leaders were taken into custody."

The programme, he claimed, was aimed at disturbing public order, the economy, communications and law and order generally. Because of the silence from India, several questions remain unanswered. These include how long the emergency will continue, whether or not Parli-

ament will be allowed to function or whether it stands dissolved—and most important—whether the Supreme Court hearing of Mrs. Gandhi's appeal against her conviction for electoral offences by the Allahabad High Court will be heard on July 14 as scheduled. It seems certain, however, that Mrs. Gandhi will not allow the Opposition to function. Among those arrested were leaders of all Right-wing parties: Mr. Morarji Desai, a former Deputy Prime Minister who, as leader of his own "Congress" successfully won the recent Gujarat elections; Mr. Raj Narain, the socialist whose election petition against Mrs. Gandhi was allowed by the Allahabad High Court; and "dissident" members of her own Congress party.

Since the emergency and the arrests came on the day when the combined Opposition were to begin a "non-violent" country-wide agitation seeking Mrs. Gandhi's resignation on the basis of the fact that Mrs. Gandhi wants to impose a single-party political structure for at

Continued on Back Page

## Shipyard nationalisation has top priority—Short

By JOHN BOURNE AND CHRISTIAN TYLER

IN THE FACE of angry reactions from trade union leaders to suggestions that the nationalisation of the shipbuilding and aircraft industries would be dropped from the present session of Parliament, Mr. Edward Short, Leader of the House, assured Labour MPs yesterday that the Government would proceed with the Bill "as a top priority."

It is understood that the Government has decided after all to try to have the second reading of the Bill this session, even if it means squeezing it into the short "overspill" in the autumn. Earlier, Mr. Eric Varley, Industry Secretary, contacted the Confederation of Shipbuilding and Engineering Unions, which is holding its annual conference in Hastings, to assure Mr. Jack Service, general secretary, that the reports of delay did not emanate from his department.

Mr. Varley said he would meet the shipbuilding committee of the Confederation next Tuesday at the Department in London, to explain the position. The message was relayed to delegates to the conference, who were in the middle of debates about nationalisation.

One Confederation executive member said a meeting with the Prime Minister should be requested to see what his intentions were.

Mr. Rob McCusker, assistant general secretary of the Association of Scientific Technical and Managerial Staffs, said it was not merely a question of delay, but whether the Bill would become law.

He detected a clear link between the delay and the transfer of Mr. Anthony Wedgwood Benn, former Industry Secretary, to Energy after the EEC referendum, and of his Under Secretary, Mr. Michael Meacher, to the Department of Health.

The Confederation carried a motion from the Boilermakers Amalgamation insisting on full discussions with the trade unions at all levels over the future of the two industries.

### Incensed

AN ASTMS amendment—framed some time ago—demanding that the legislation be passed through Parliament "as a matter of great urgency" was similarly carried.

Mr. Danny McGarvey, Boilermakers' president, was incensed at the news that the moderate Manifesto Group of Labour MPs was to plead with the Minister because the delay would put employers in difficulty.

He said Dr. Dickson Mabon, chairman of the group, and his colleagues: "The sooner these bloody parasites get off our backs, the better for the Labour movement."

Our Industrial Staff writes: The British aerospace and shipbuilding industries gave a warning yesterday that any decision to delay nationalisation might create a vacuum in which confidence would evaporate.

The British aerospace industry as a whole remains opposed to the principle of nationalisation. But any delay would be another blow to the confidence of customers.

British shipbuilders agree with the view of the shipbuilding high-speed cutting-tool subsidiary, Clarksons, that the Government-appointed organising committee immediately to advise and supervise the shipbuilding and aircraft industries during the period before nationalisation.

There is total uncertainty in the shipbuilding industry about whether to go ahead with or to postpone investment projects. There is also reluctance by bankers and other sources of cash to invest in British shipbuilding until a clear statement of Government intent is known about its plans.

Acquisition of Sheffield Twist will make either Thorn or SKF Europe's largest manufacturer of high-speed cutting tools and bring either of them within sight of overtaking the two U.S. leaders. Sheffield Twist shares closed unchanged last night at 91p. Thorn Ordinary and "A" shares both closed down 4p at 158p.

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## Pound drops again to 27.1%

By William Keegan, Economics Correspondent

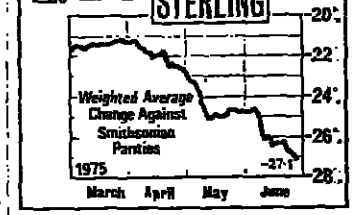
THE POUND dropped another 0.3 per cent. in the foreign exchange market yesterday in close to a new all-time low of 27.1 per cent. below December 1971 levels.

Selling of sterling was heavy in the morning, prompting senior London foreign exchange experts to comment that the market was almost entirely one-way at one stage.

After Press suggestions that the Bank of England wanted the pound to fall to \$2.18 and intro-

duce an import controls package, sterling opened yesterday at a 27.0 per cent. depreciation, and at one stage hit 27.3 per cent. before recovering to 27.1 per cent. at noon. There was, however, no indication that these suggestions in fact represented the Bank's position.

The Bank of England was seen to be in the market openly in its own name to calm the mood before noon, and reports of large-scale intervention abounded. It is believed, however, that the U.K. authorities may have gained the maximum publicity for their steady actions yesterday at relatively little expenditure of reserves, and that net intervention was less than \$100m.



Having closed at \$2.2565 in terms of the U.S. dollar on Wednesday, the pound fell to \$2.24 at one point—yesterday morning, before recovering to \$2.2410 at noon and \$2.2430 at the close.

The dollar itself was assisted yesterday by higher U.S. interest rates and the U.S. currency's general rise against other currencies was also working against the pound.

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But Ministers argue that high on prices.

## Dollar up

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But Ministers argue that high on prices.

## Wilson: TUC plan a basis to build on

By JOHN BOURNE AND JOHN ELLIOTT

THE PRIME Minister yesterday gave his full-hearted welcome to the TUC's six-point plan for dealing with inflation. This was followed by an impassioned plea to the miners and other TUC unions to unite in a "measure of sacrifice for a short period" from Mr. Jack Jones of the Transport Workers.

At the same time Mr. Jones reported that the attack he launched in the TUC General Council on Wednesday against members of the present Cabinet who might copy Labour movement traitors of the past and go into a coalition with political opponents.

Delivering his welcome to the TUC's six "guiding principles" during question time in the Commons, Mr. Wilson stressed that the Government now had something "very important on which to build."

But it would, he said, want to discuss the plan and would have to push on the work with urgency. Mr. Wilson also made it clear that the Cabinet would have to ensure that the final counter-inflation package was "workable and effective."

He described the TUC general council's proposals as a big step forward, because the union leaders were talking about relative wage settlements for the next year to a target for price increases, and not to the needs of the previous year.

The Prime Minister rejected utterly the deliberate use of unemployment or a purely monetarist solution to inflation. He also pointed out that the Commons had this week rejected a Liberal MP's Bill calling for statutory incomes policies. "The vast majority of the House recognises that criminal sanctions in these matters have not worked in the past. No one has answered the question of what happens when people are brought before the courts in respect of wage settlements."

Later, Mr. Edward Short, leader of the Commons, repeated the promise that the Government's anti-inflation proposals would be made before the Commons rose for the summer recess at the end of next month. He implied that there would also be time for a full-scale debate on the proposals.

Privately, some senior Ministers are describing the TUC's plan as a very remarkable advance and a real shift of attitude on anything the unions have produced before. But they emphasise that it would need to be tightened up to make it target of 15 per cent., however, workable and seen to be workable. They concede that something must be done to meet the TUC's demand for certain price controls, and last night Mr. Jones stressed that a price freeze might be needed.

But Ministers argue that high on prices.

But to solve inflation entirely by reducing public expenditure "would be to solve it by axing our favourite child, the compassionate State." What Britain needed now was a couple of years of restraint.

This was not far different from Mr. Jones' impassioned plea on BBC's Newswatch programme last night when he appealed for a "measure of sacrifice for a period after which we restore free collective bargaining—this is in fact the only way to sustain collective bargaining."

He also denied that the substantial "pru rata" pay claim drawn up yesterday by the Confederation of Shipbuilding and Engineering Unions for 21m. workers, which implies differential percentage increases, would hit at his flat rate pay scheme, because it only acted on minimum rates and not total earnings. His argument here was not clear but could imply that when rates were topped up with local negotiations, they should not exceed the flat rate figure eventually agreed.

He also mentioned £40-a-week as the basis for working out their flat rate figure, but did not develop the calculation. A price target of 15 per cent., however, would yield £6 a week as the flat rate basis which is lower than most union leaders have been envisaging but is roughly hopes for a wage target. At 15 per cent. however it is too high on prices.

## TIME AND TIME AGAIN

As a golfer, wouldn't it be great to always make a putt, because you have not only perfected your techniques and equipment, but also know what lies ahead. You know what you have to correct for and how to correct for it. Then you'd know just what to do every time, whatever the problems. In fact, you could practically call your shots in advance, time and time again.

Timken Company research and development techniques are now so sophisticated, that our engineers can choose the right bearing to satisfy demands for optimum bearing performance, in fact call their shots in advance. Working closely with the customer, they can determine lubricant viscosity and bearing setting under operating conditions, and the angle of deflection between cup and cone under load. Taking these factors, together, plus the load and speed, we can come up with a weighted average life for the bearing.

Applying critical selection techniques, we can now choose exactly the right bearing to satisfy demands for optimum bearing performance—in fact call our shots in advance—time and time again!

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The Financial Times Friday June 27 1975

vent Garden

# Così fan tutte

by GILLIAN WIDDICOMBE

ozart's most intimate and nine comedy has been this season, with new lutions by our Kent and sh companies, and revivals Wednesday at Covent Garden next week at Glyndebourne. act Copley, and now seven a old - is naturally the idest, most elegant and ery of all these: russet satin ns, expensive disguises for Albanians, formal wigs for yote, and a considerable unt of large-stage posturing. Copley's diversionary is still in. Some are ely intrusive, as when and Guglielmo fuss in ne scoglio, and some wear bit thin. (Next time Despina Dorabella's corset in, the girl should retaliate with ually distracting scream. ut for the skill with which ey has devised these stage ers one readily forgives. Così fan tutte is a triangular mare for the producer; but re most producers play safe eploying the characters in ain pairs. Copley produces extraordinary range of imative poses and gestures, does not lose the sense of ion between friends. It is the most sensual production I've seen: not a particularly al one; but it looks stylish, ks smoothly, and helps the ers along. he two strongest singers in the cast are both familiar: Anne nells an accomplished Dora-

bella, now singing "Scoglio imabile" like a tragic queen, with less gasping comedy than we usually see; and Richard van Allan an excellent Don Alfonso, singing with confident discretion when his presence should not be overpowering (in the trio "Soave sia il vento"), and laughing eloquently along a staccato line. The Russian soprano Anna Tomowa-Sintow makes her Covent Garden debut with a nicely sung Fiordiligi, small in tone, but clean in articulation and musically pleasing; at the moment her characterisation is rather placid, like a sepi photo. Rüdiger Woblers is over-parted as Ferrando: he needs a fear-proof sense of pitch and un-rockable rhythm. Robert Kerns, guys Guglielmo less than his predecessor, and sings more smoothly, with attractive chestnut timbre. Judith Blegen skips through her Covent Garden debut, precisely as Despina, the voice neat and sparkling, the comedy too twitchy.

Colin Davis conducts, keeping the same minor cuts as Solti, but therefore doing less of the more than on his recent Philips recording. On Wednesday the overture went rather oddly, with Davis gnashing the first beat of each bar hurriedly, though the tempo was not actually fast. One or two large ensembles were also taken rather slowly, but the orchestral playing warmed generously, and contained many smooth textures as well as the necessary light colours in Mozart's inimitable allegros.

science films

## From the archives

by WILLIAM WEAVER

ne of the most fascinating archives in Italy is that of Istituto Luce, in Rome, which contains an enormous collection of newsreels prepared during the Fascist regime. Almost all of the Duce himself. The actor, slyly conscious of the camera, shows himself in an light: physically fit, lauded by adoring crowds, istic, victorious. In their way, se old newsreels are textbook mles of how to manipulate al data. The rich mine of ed material has already been siderably exploited, and much age has been used in mon-films (such as Nico Naldini's ont Fascista, as yet not re-ed in Britain).

For the montage of this ertial, however skilfully done, ne thing: seeing it—and aing the spoken commentary the period—without any a post- editing, is another. During past few weeks, in Florence, Regional Administration of scany organised a series of wings of these newsreels, uted, just as the Italian aud- saw them in the 1930s and s. An evening's prelude to the "telephone" features, such as Ascia Vidi or the e, the Fascist premier, Vittorio-

to attend the last e showings, a e newsreels dating from e to September of the e. When the Allies Nazi regime was also tottering, and this occupation—the fairly simple take-over of a prostrate country, already filled with Nazi troops—is presented as if it were a great military victory.

Except for a few introductory remarks, by an official of the Region and by the critic Ernesto G. Laura, President of the Istituto Luce, the films—that is to say, the Fascist—were allowed to speak for themselves. No risk. Their pompous rhetoric required no gloss. It was easy to read between the lines, between the shots: impossible not to. The destruction of their school, the reaction to this, in the hands of a young Florence audience, was sceptical laughter, been extremely successful in a dotty animated cartoon, attracting audiences. A further out the wicked "Dottor series—exploiting the unfortunate (actually a kind of ately scant material from Musso- byde, who lived in a money- amed castle with BANCA



Romy Schneider and Mascha Gonska in 'The Infernal Trio'

Cinema

## Murder as a saleable commodity

by NIGEL ANDREWS

The Infernal Trio (X) Rialto  
The Wind and the Lion (A) Dominion  
Julia (X) Columbia

Murder, as the cinema has frequently demonstrated to us, can be a very difficult business; and its difficulties do not necessarily end with the act of killing. What do you do afterwards, for example, with the body? Baths of sulphuric acid have long been a popular solution; but these too have their problems. What do you do with the contents of the bath when you have finished with them? They are too glutinous to do down the plughole. The only answer is to empty them, bucket by bucket into the garden. But then what do you do with the smell it leaves behind, thickening and intensifying over the ensuing days? These are the kind of problems dealt with in *The Infernal Trio*, a French film that should serve as a sober warning to all who think that killing is a simple business. For the three murderers and life insurance swindlers of Francois Grosje film it is anything but that: they earn their living—and their victims' wealth—by the sweat of their brows.

Killing is a pastime as lovingly and exhaustively celebrated in *The Infernal Trio* as was eating in *La Grande Bouffe*. A comparison that is, enhanced by, the presence of Michel Piccoli, and Andrea Ferreol, from the earlier film, here playing murderer and victim, respectively. Piccoli plays a crooked lawyer with a taste for marrying his mistress off to men who are on the point of death, and then raking in their life insurance. A healthy return for a small premium is ensured by the services of a friend who masquerades as the victim for a medical check-up. Things go wrong when Piccoli is blackmailed by the said friend, and it is he and his girlfriend who finally end up being carried out in buckets to the bottom of the garden.

Murder has always been a cinematic act in the cinema. Even when dwelt on for its grotesque or sadistic elements, it has a mystique, an intensity, a shock appeal. Not so in *The Infernal Trio*: these three murderers—Piccoli and his messengers Romy Schneider and Mascha Gonska—sneak away after their day's work not with the weariness of moral disgust or inertia, but with the simple weariness of a hard day's work. The images are ones of monotony and repetition. The scratch of the axle on the bottom of the bathtub as Piccoli scoops out the last remains; the clump of Miss Gonska's shoes on the stairs as she carries the buckets out into the garden; the swish of Miss Schneider's hair as she plunges the liquid into the earth.

The film itself is not a great one. Character interest is thin on the ground, and wit and plausibility largely conspicuous by their absence. But as a murder story it is unique. There is nothing crazed or obsessive about these characters. They are a dedicated, clear-headed trio getting on with a job: a job so

much the same, and Miss Bergen is asked to do more than suffer beautifully and duly does so. The climactic sequence—which in a film of gathering political confusion should at least have been clearly orchestrated—is a farago of exploding muskets, dying Arabs and a last, swift glance of unspoken passion between Bergen and Connery as he rides off into the desert and she, his captive turned rescuer, returns to Tangier and civilisation. All in all, a sad waste of time and money and proven talent. *Julia* is a distinct improvement on *Emmanuelle*. It has the same star, Sylvia Kristel, and much of the same story of sexual initiation in "hot climates" (Verona and the Italian lakes). But the

The Entertainment Guide is on Page 41

Sean Connery as a Berber chief: Candice Bergen as the rich American widow he kidnaps, with her two small children, from a villa in the European quarter of Tangier. Brian Keith as Theodore Roosevelt, stalking his Presidential hunting grounds across the Atlantic, and seeing in a small political flare-up in Morocco the chance for a military show of force that will not only win votes at home and win friends and influence allies overseas.

There is nothing like a big historical epic for sorting the sheep from the goats among promising movie directors. John Huston, whose feature debut was the same story of sexual initiation in "hot climates" (Verona and the Italian lakes). But the

The British Library's exhibition to mark the bicentenary of the American War of Independence opens in the King's Library at the Museum on July 4. The King's Library, built in 1823 to accommodate George III's books, was presented to the nation by George IV and is now used as the main exhibition gallery of the British Library Reference Division. Although housed in the British Museum buildings, it is not part of the British Museum. The exhibition includes paintings, maps, manuscripts, cartoons, medals and small arms.

American War of Independence exhibition

New Ayckbourn comedy for West End Richard Briers heads the cast of Alan Ayckbourn's new comedy *Absent Friends* which will open at the Garrick Theatre on July 23. Also in the company are Peter Bowles, Cheryl Kennedy, Pat Heywood, Ray Brooks and Phyllida Law. The play will be directed by Eric Thompson and presented by Michael Codron. The designer is Derek Cousins and lighting is by Nick Chilton.

Questors, Ealing

## New plays festival

by GARRY O'CONNOR

James Saunders' new play, *The Island*, takes the traditional theme, much used in French drama, of utopian literature, of quill-penning personality, in the faraway paradise. In this words of one of the characters, day of instant travel in all corners of the globe we can no longer envisage a place far enough away for fantasy, so Mr. Saunders, like others with the laws must presuppose all men same idea, has turned to the future. His island is a post nuclear holocaust affair, where only women survivors enjoy the fruits of perfection, as the warring sex have knocked each other out.

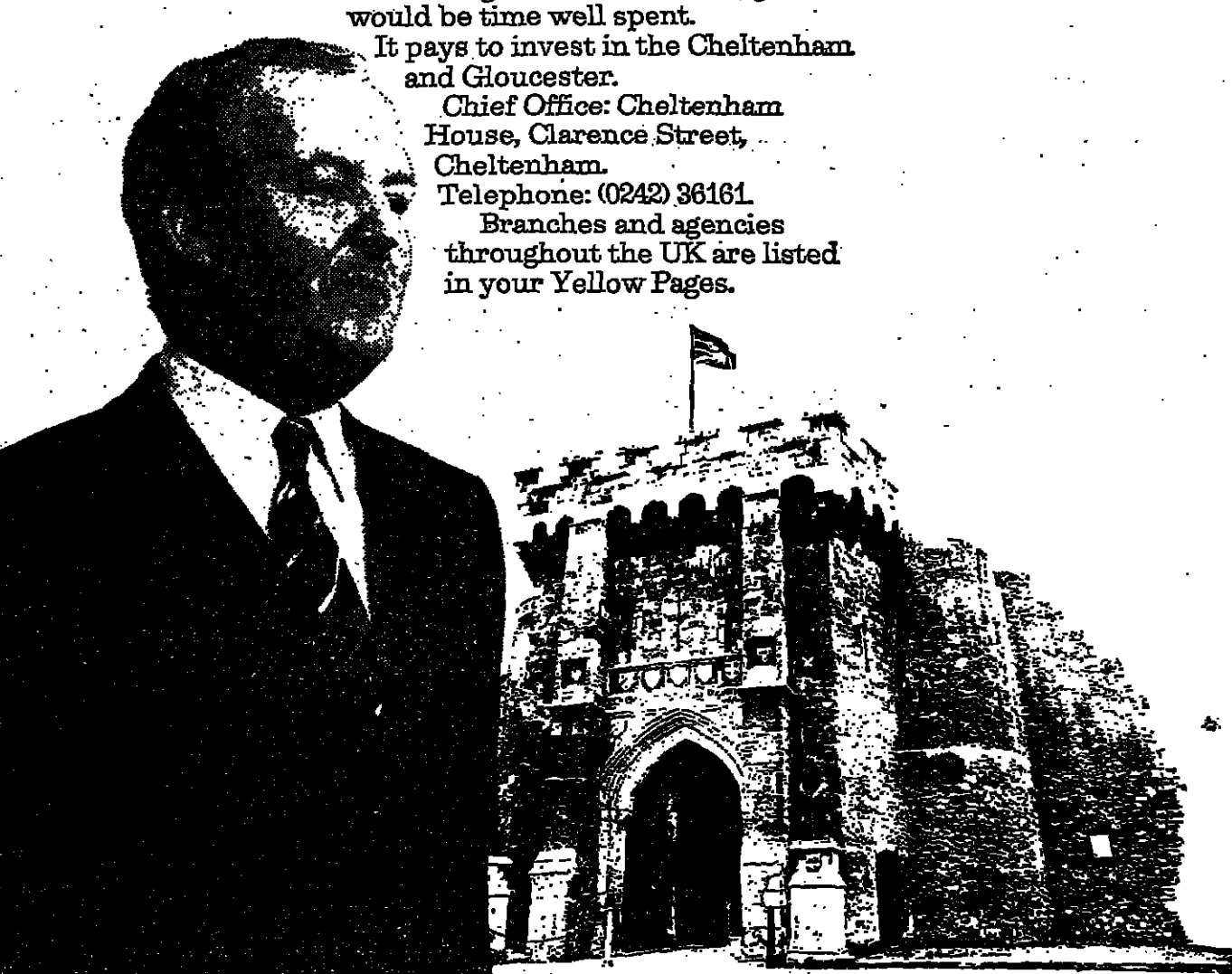
*The Island* begins with a chorus of five nubile wenches all extolling their parthenogenetic freedom. Soon after a couple of chaps are washed up unconscious on the seashore. The ladies have no idea what to do and haven't the courage to finish them off (Mr. Saunders must be one of the few contemporary playwrights still chivalrous enough to show women both fair and gentle). Finally after much horse-play and tying and untangling ropes, *The Island* subsides into a wry and whimsical celebration of sexual variety is catered for by sex on a train; sex in a Roman amphitheatre; sex in a hotel bed with the spilled contents of a breakfast tray. The film is ridiculous, but it has the saving grace of knowing that it is ridiculous; and it is hard to imagine that pornography as cheerful as this can really cause offence, even to the implacable in "hot climates" (Verona and the Italian lakes). But the

This is fine as far as it goes. Where Mr. Saunders' skill does him down is in constructing a situation to give the comedy some extra bite. It dwindles to inconsequence without becoming positively negative. One has to conclude that, humorous though the vision is, it is far too feeble, although the author would argue, feebleness is part of his comic intention. *The Island* is given a spirited performance in Robin Duvall's production and makes a good beginning to the Festival (which even includes J. M. Barrie's *The Twelve Pound Look* as a late night show). The second main offering, *Funland*, by Dannie Abse, is highly ambitious. Three inmates of a mental hospital are the centre of a pattern of bizarre events, the first of which is the hospital concert. One, Pythagoras, is an ex-stage magician who is continually calling up thunder and mesmerizing other patients. He has the envious trick of willing telephones to stop ringing. The second, Uncle, is a hysterical little fellow who reads the *Daily Express* upside down, while the third, Mr. X, is a poet who does not feel he has an existence. The hospital superintendent, Dr. White, a firm and far-farce and utopian literature, of quill-penning personality, in the faraway paradise. In this words of one of the characters, day of instant travel in all corners of the globe we can no longer envisage a place far enough away for fantasy, so Mr. Saunders, like others with the laws must presuppose all men same idea, has turned to the future. His island is a post nuclear holocaust affair, where only women survivors enjoy the fruits of perfection, as the warring sex have knocked each other out.

Mr. Abse is known primarily as a poet and indeed the structure of *Funland* is as much the poet as dramatic. A large part, for example, of the last of nine scenes is given over to Mr. X's poem. There are some good ideas which could have been explored more for their theatrical potential. One is the impersonation of the superintendent by Pythagoras as in the presence of the local newspaper reporter. This could have led to some interesting comic developments. I should also like to have seen Mr. Abse concentrating more on one of his characters to the exclusion of the others. Pythagoras has the making of an excellent protagonist, with echoes of Thomas Mann and Jean-Paul Sartre (in Keats) but our concentration on him is broken in favour of the others. John Turner's production of *Funland* is uneven. Some members of the cast were under-performing, notably John Wilbour as the Superintendent, and some, such as Phillip Sheehan, who plays Uncle, were too shrill. The complex continuity is well managed and the lighting, by John Andrews, is very effective. Robin Ingram as Pythagoras gives the boldest and clearest performance. Norman Wilkinson as Mr. X is also effective. Circuses, completes the trio of new work. It's much less formally constructed than the others, though James Hepburn, who wrote it, is making literary patterns out of traditional forms of entertainment such as the variety show. Most of the sketches, myself among them, treated it as a series of sketches, shrugging off suggestions of "deeper meaning." If it could be found. At this level there are some quite promising sketches, such as that of Hermann the Hononculus, saving a luscious young lady in half, and "The End," a black joke set in a crematorium. Apart from a certain sharpness and polish in the writing, some of the other sketches, like "No Joking," and the lamentable running joke of a man-selling doughnuts, and then giving them away, fall very flat. Possibly the production could have been more lively and imaginative, but in my opinion *Circuses* does not come up to the standard of the other work in this Festival, whose setting and amenities for those who do not know the theatre, are always first-rate.

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CHELTEHAM AND GLOUCESTER BUILDING SOCIETY



Mr. Robert Latham, Curator of the Fox Talbot Museum of Photography which has been established at Lacock Abbey, Wiltshire: the photograph here is a Fox Talbot photograph, dated around 1820, showing the interior of the Fox Talbot Museum.



## WORLD TRADE NEWS

U.K. EXPORT CREDIT POLICY UNDER FIRE

## World-wide control vital to check mounting cost

BY GEOFFREY OWEN

HAS THE granting of export credit become a form of economic suicide? That question was posed at a Chatham House conference this week by Mr. Robert Fell, formerly head of the Export Credits Guarantee Dept. and now chief executive of the Stock Exchange. Mr. Fell stressed the extent to which export credit had become the servant of industrial and political objectives, with the cost to the taxpayer and the country almost forgotten.

Finance ministers around the world seem powerless to control the appetite of their industry and Trade Departments," he declared. Referring to political pressures, Mr. Fell said he had found over the years two myths among British Ministers. "The first is that there is a bonanza for British industry in Russia. The second is that there is a bonanza for British industry in Latin America. Some Ministers have been able to support both myths at the same time."

The result of those exaggerated hopes, stemming partly from political considerations, had been an escalation of credit terms, with the buyer able to play off one country against the other. The desire to give special terms to Russia caused the "Gentlemen's Agreement" on export credit to falter at its most hopeful point.

Mr. Fell questioned whether the mechanics of export credit

in the U.K. were appropriate, and suggested the possibility of a recognised Export Bank with private participation.

"Export credit, in a sense, has developed because the normal capital raising system did not work," he stated.

"Having started as a marginal activity, export credit under ECED has become identified almost as a public sector tap so that the mechanics themselves in this country seem perhaps a barrier to a speedy return to the normal market mechanism."

## Cash exports

Mr. Fell went on to point out that although medium and long-term export credit still covered only a fraction of total U.K. exports, some of our best thinking and most active workers are in this field. Our paramount need is for cash exports and one wonders whether our official effort is sufficiently in balance.

There was now a growing recognition among most countries that export credit had reached a dangerous stage in the terms being offered, "partly from the balance of payments of the donor country and partly from the point of view of the debt being assumed by the recipient country, and more recently the nonsense of granting substantial credit to wealthy oil countries."

One obstacle to disarmament had been the difference in the way national systems had de-

veloped. The U.S., for instance, had relied on length of credit while keeping its interest rate more nearly in line with the market.

The French had had a "blockage" about lengths of credit but had been highly flexible on interest rates and other charges.

The Americans could appear to be tough on the question of credit to support arms sales because they had a large military aid programme.

The U.K. had a generous economic aid programme, while other countries preferred a mixture of economic aid and commercial credit.

In the end, Mr. Fell argued, "it is only the willingness to give up a certain amount of national sovereignty which will bring about a real control."

A helpful step, in his view, would be the development of European financing arrangements to handle projects which were too large for a single country to finance.

In any case the best hope for progress lay in the small group of industrial countries within the Organisation of Economic Co-operation and Development that had been trying to reach agreement for the past two years. It was essential, he declared, that the mechanics of export credit be fully understood in these countries, and that they did not start any new national device while international talks proceeded.

## The top 100 U.K. exporters.

By Geoffrey Owen

Following publication of the list of Britain's top 100 exporters in 1974 (this page, June 13) comments have been received from a number of companies.

British Leyland points out that its net exports, after deducting £43m. for imports (£22m. for production materials, £20m. for capital goods and £1m. for consumable items) came out at £42m. On that basis the corporation can still claim to be a top exporter, since the comparable figures for Imperial Chemical Industries are gross exports £538m., imports £356m., net exports £182m.

It would be helpful if all companies published not just their exports but their net contribution to the balance of payments, including imports and other transactions.

For foreign-owned concerns the outflow of funds from the U.K. in the form of dividends and royalties paid to the parent company is rarely revealed, so that true contribution to the U.K. balance of payments is unknown.

Rothmans International points out that the figure of £27.1m. used in the list, was based on 1974 total sales of £44m. rising to £50m. if indirect exports were included, which would put Rothmans in approximately 54th place.

Esso Chemical, which was omitted from the list had 1974 exports of £52.3m. (1973, £52.3m.), which would put it in approximately 39th place. If its figures had been put together with Esso Petroleum, the combined Esso figure would be £134m., putting the concern into 15th place.

General Motors comments that if all GM activities had been combined (Vauxhall, General Motors Scotland and General Motors Ltd), the aggregate figure would be £145.2m., putting the company into 14th position.

## Austrian exports to U.K. drop 30%

By Paul Lendvai

VIENNA, June 26. AUSTRIAN EXPORTS to the U.K. during the first quarter fell 30 per cent below a year earlier, and it is feared the figure for 1975 as a whole will show a similar fall to Sch.3.3bn. (198m.). As imports from the U.S. are expected to drop only by 10 per cent, the visible trade deficit may well surpass Sch.1bn. (£267m.).

The U.S. share of Austrian exports, which dropped from 4.2 per cent in 1973 to 3.4 last year, therefore fell further this year. Apart from the recession in the U.S., the unexpectedly substantial fall in Austrian exports is ascribed to the high prices of Austrian products compared with those charged by foreign and U.S. competitors.

A Federal Chamber of Economy survey of exporters revealed that 80 per cent blamed the price situation on revaluation of the Austrian schilling vis-à-vis the U.S. dollar. The same arguments applied to the Canadian dollar where Austrian sales in the first quarter also fell by 32 per cent. The U.S. recession is regarded as secondary to the appreciation of the schilling. As for prospects, 59 per cent of the exporters regarded them as "poor" and only 8 per cent forecast rising sales.

## Mongolian mission outlines trade opportunities

BY DAVID LASCELLES, EAST EUROPE CORRESPONDENT

MONGOLIA IS worth examining as a potential market despite its remoteness and tiny population. Britain's first official trade mission to Ulan Bator has concluded after a week in the country. But the scope is limited as the economy is almost entirely rural.

The mission, one of the few ever sent by the West, was organised by the East European Trade Council. Its report will not be published immediately.

Instead, it will be circulated privately to British industry because it contains information which is largely unknown outside Comcon and therefore of some value to foreign competitors.

Mr. Anthony Hore, executive secretary of the Council, stressed yesterday that there was nothing spectacular in the findings. But there were some unusual openings which could generate business with a few hundred thousand pounds a year. "If we reach a million pounds we shall be doing well," he said. Anglo-Mongolian trade last year totalled £130,000.

## IN BRIEF

## ECGD support

ECGD has guaranteed a £7.2m. Lloyds Bank loan to Privredna Banka Zagreb, Yugoslavia, to finance the U.K. £8.5m. part of a £27m. ethylene plant contract to Kinetics Technology International, Capital Plant International (Mitchell Group) is involved in the contractual and financial arrangements.

## Credit for Poland

ECGD has guaranteed a £10m. line of credit to Midland Bank in Poland, enabling Polish buyers to place contracts in the U.K. for £11.5m. of capital and semi-capital equipment.

## Export Contracts

HAWKER SIDDELEY POWER ENGINEERING will build a £11.5m. diesel power station for the Gulf state of Ajman. The order book is thus raised to £35m., a large part for the Mid-East.

BRIAN COLOURHORN AND PARTNERS is undertaking for the Sudan civil aviation authority a feasibility study for development of three airports in southern Sudan and an alternate to Khartoum airport in the vicinity of Port Sudan.

OXFORD ELECTRONIC INSTRUMENTS reports U.S. orders worth £250,000 so far this year for miniature analog tape recorders for medical and environmental monitoring.

## Hopes for recovery as indicators rise by 2.1%

BY ADRIAN DICKS

FURTHER PERSUASIVE evidence that the U.S. recession may have passed its lowest point and entered the recovery phase comes today with the news that the index of leading economic indicators rose 2.1 per cent in May.

That may performance is the third consecutive monthly increase in the index, which is regarded by many economists here as one of the most accurate available yardsticks of the business cycle. In March it rose 1.1 per cent, and in April 3 per cent.

Eight out of the 10 indicators available for last month showed increases, including building permits, new orders for manufacturing and raw materials, plant and equipment orders and wholesale commodity prices. Only the average working week and the rate at which workers were being laid off showed no improvement during the month.

The May increase in the index has greatly reinforced the confidence of administration economists that their earlier predictions of an upturn in the economy would be fulfilled by the end of the second quarter.

It also clearly had much to do with President Ford's generally bullish tone on economic matters during his Press conference yesterday.

The President repeated the claims made on earlier occasions by his advisers that inflation had already been cut by half, and while calling the present 9.2 per cent unemployment rate unacceptable, predicted that the trend would gradually improve during the next few months.

While the data still appear unclear, the Labour Department's latest weekly report on new unemployment claims showed a slight fall for the week ended on June 14. Mr. Ford also noted an increase of over 500,000 in the total number of people holding jobs during the past two months.

Although the administration is continuing to warn of the dangers of setting off a new round of inflation if the recovery takes place too suddenly, President Ford indicated during his Press conference yesterday that he would be extending to 1976 the \$16m. personal Tax Cut Bill enacted by Congress.

Although there is the possibility that the economy might not be improving as fast as the administration officially predicts, more forceful government has been the President nonetheless left a declined.

WASHINGTON, June 26. THE FORD Administration formally asked Congress today to end the U.S. Government's monopoly of uranium enrichment, and allow private industry to build some eight to ten new enrichment plants in America during the rest of the century at a total cost of around \$300m.

The administration forecast the immediate construction of three new enrichment plants, costing about \$3.5bn. each to meet domestic and foreign demand. The first would use the gaseous diffusion method while the other two would probably be of subsequent plants—would employ centrifugal technology.

Under the new proposals, private companies will be protected against financial loss that was not their fault—including such eventualities as a moratorium on nuclear power production or a collapse of the world price for enriched uranium—through a special clause enabling them to return the plant to the Government and recover their investment from public funds.

Although the precise details of these safeguards have not yet been worked out, the Government would assume a maximum liability of about \$5bn. for the three first enrichment plants currently planned.

Existing safeguards on the sale and use of fissile materials will apply to the privately built enrichment plants, just as they do to Government-owned ones. However, foreign investors will be permitted a limited stake in future enrichment plants, while one of the prime aims of the new construction programme is to give the U.S. sufficient capacity to start exporting enriched uranium again after the ban on new contracts imposed in 1974.

In ending the Government's monopoly of uranium enrichment, the Ford Administration is hoping to encourage the development of the American nuclear industry to ensure that it keeps its present position as the world's largest exporter of enriched materials in what is likely to prove a rapidly expanding market.

In this respect, the Administration's efforts will be helped by the secret talks now under way between the world's nuclear exporting nations on banning the sale of enrichment and fuel reprocessing plants to other countries. A round of talks was held in London ten days ago and the negotiations are expected to continue there in September.

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The nuclear agreement is expected to give Brazil's self-sufficient nuclear industry at a cost of more than \$40m. The U.S. has expressed concern that the German technology could make it possible for Brazil to produce nuclear weapons, but Silveira has emphasised that Brazil will not use the technology for producing weapons.

AF-DJ. The suit asks that the defendants be enjoined from continuing the alleged violations and that they be required to sell their shares in the company to the plaintiffs.

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## New York bond issue rated 'A-plus'

By Jay Palmer

NEW YORK, June 26. STANDARD AND Poor's one of America's two largest debt rating agencies, has assigned an "A-plus" credit rating to the Municipal Assistance Corporation's planned issue of \$1bn. worth of bonds next week.

This issue will be the first part of a three-part offering totalling at least \$3bn. over the next three-and-a-half months.

Today Moody's Investor Services, the other leading debt agency, said that it will be announcing its rating for the new bonds this afternoon or, possibly, to-morrow morning. Moody's equivalent to S and P's "A-plus" would be "A-1."

Although both agencies will only announce rating for the first \$1bn., it is generally assumed that the same rating will be given later.

The Municipal Assistance Corporation is a specially created new state agency to head New York State's rescue of New York City. The agency will assume the greater part of the city's crippling short-term debt and re-issue these bonds to fund city operations. The total \$3bn. is by far and away the largest single series of municipal offerings ever attempted in the New York debt market.

Although an S and P "A-plus" rating would normally allow new bonds at the present time to be sold to yield about 7 per cent, it is generally recognised that the sheer size of the offering will necessitate a higher return.

Simply to complete this large sale, the bonds will have to be sold to investors who normally are not interested in tax-free municipal debt.

On this assumption, most projections suggest the MAC bonds will be priced to yield at least 9 per cent and possibly even 10 per cent, tax-free. This would make the issue highly competitive with more highly rated corporate debt and would facilitate a complete sale of the offering.

MAC officials yesterday confirmed that over 350 banks and financial institutions across the country will help to market the issue and that New York's leading financial institutions have promised to buy over half of the total \$3bn. offering for their own portfolios.

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## U.S. uranium enrichment proposal

BY PAUL LEWIS, U.S. EDITOR

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By Jay Palmer

NEW YORK, June 26. STANDARD AND Poor's one of America's two largest debt rating agencies, has assigned an "A-plus" credit rating to the Municipal Assistance Corporation's planned issue of \$1bn. worth of bonds next week.

This issue will be the first part of a three-part offering totalling at least \$3bn. over the next three-and-a-half months.

Today Moody's Investor Services, the other leading debt agency, said that it will be announcing its rating for the new bonds this afternoon or, possibly, to-morrow morning. Moody's equivalent to S and P's "A-plus" would be "A-1."

Although both agencies will only announce rating for the first \$1bn., it is generally assumed that the same rating will be given later.

The Municipal Assistance Corporation is a specially created new state agency to head New York State's rescue of New York City. The agency will assume the greater part of the city's crippling short-term debt and re-issue these bonds to fund city operations. The total \$3bn. is by far and away the largest single series of municipal offerings ever attempted in the New York debt market.

Although an S and P "A-plus" rating would normally allow new bonds at the present time to be sold to yield about 7 per cent, it is generally recognised that the sheer size of the offering will necessitate a higher return.

Simply to complete this large sale, the bonds will have to be sold to investors who normally are not interested in tax-free municipal debt.

On this assumption, most projections suggest the MAC bonds will be priced to yield at least 9 per cent and possibly even 10 per cent, tax-free. This would make the issue highly competitive with more highly rated corporate debt and would facilitate a complete sale of the offering.

MAC officials yesterday confirmed that over 350 banks and financial institutions across the country will help to market the issue and that New York's leading financial institutions have promised to buy over half of the total \$3bn. offering for their own portfolios.

WASHINGTON, June 26. THE FORD Administration formally asked Congress today to end the U.S. Government's monopoly of uranium enrichment, and allow private industry to build some eight to ten new enrichment plants in America during the rest of the century at a total cost of around \$300m.

The administration forecast the immediate construction of three new enrichment plants, costing about \$3.5bn. each to meet domestic and foreign demand. The first would use the gaseous diffusion method while the other two would probably be of subsequent plants—would employ centrifugal technology.

Under the new proposals, private companies will be protected against financial loss that was not their fault—including such eventualities as a moratorium on nuclear power production or a collapse of the world price for enriched uranium—through a special clause enabling them to return the plant to the Government and recover their investment from public funds.

Although the precise details of these safeguards have not yet been worked out, the Government would assume a maximum liability of about \$5bn. for the three first enrichment plants currently planned.

Existing safeguards on the sale and use of fissile materials will apply to the privately built enrichment plants, just as they do to Government-owned ones. However, foreign investors will be permitted a limited stake in future enrichment plants, while one of the prime aims of the new construction programme is to give the U.S. sufficient capacity to start exporting enriched uranium again after the ban on new contracts imposed in 1974.



## OVERSEAS NEWS

## Botswana snubs Amin over OAU meeting

By Malcolm Rutherford

**BOTSWANA** has become the first country to say categorically that it will not take part in the meetings of the Organisation of African Unity (OAU) due to take place in the Ugandan capital of Kampala next month.

A statement issued in Botswana said that President Seretse Khama had taken the decision on the advice of his Cabinet because there were fears for the personal safety of the members of the delegation. It referred to General Amin's "apparent disregard for the sanctity of human life and his exhortation to the armed forces in Botswana, Tanzania and Zambia to overthrow their elected governments because of their participation in the recent attempts to find a peaceful settlement of the Rhodesia dispute."

Uganda takes over the presidency of the OAU from Somalia next month. The OAU Foreign Ministers are due to meet in Kampala from July 18 to July 25 preparatory to a summit meeting opening on July 28.

It has been speculated that General Amin has been using the Hills affair to win prestige for Uganda before these meetings. Mr. Hills, a British lecturer, is still due to be executed on July 4 failing a visit to Uganda by Mr. Callaghan, the British Foreign Secretary.

In London, the Foreign Office yesterday totally dismissed a new allegation by Radio Uganda that Mr. Hills was a British spy.

Agencies reports from Nairobi: President Amin has said that he has documents signed by condemned British Denis Hills saying Britain had asked him to be a spy, Uganda Radio said today.

Speaking before ministers, diplomats and officials last night, General Amin said that he would not disclose the contents of the documents to anybody except British Foreign Secretary James Callaghan when he visited Uganda, the radio said.

Libya has sent air support to Uganda in response to Uganda claims that Britain has threatened an invasion, Uganda Radio disclosed today. Uganda Radio later broadcast a statement by a military spokesman warning people not to panic when the saw unusual supersonic aircraft in Uganda.

## U.S. lifts ban on aid to Sudan

By James Buxton

Khartoum, June 26.

SOURCES here confirmed today that the U.S. Government has lifted the Export-Import Bank ban on the Sudan. The Eximbank imposed the ban at the State Department's request last year after the Sudan Government released "Black September" guerrillas who had been convicted over the death of the U.S. ambassador to the Sudan in the previous year.

The lifting of the credit ban on the Sudan is a major step in the mellowing of relations between the two countries and confirms the U.S. is prepared to take a more positive role in relations with Khartoum. It should have a considerable effect in encouraging U.S. investors to exploit the Sudan's development potentials.

The ban affected two big orders the Sudan Government had placed with U.S. companies: an order for 30 General Electric diesel locomotives, badly needed for the Sudan Railways, and an order for two Boeing 737 jets for Sudan Airways.

Financing was eventually arranged in both deals after Eximbank backed out. Eximbank finance may become involved in the \$40m. cement plant project which a U.S.-Saudi Arabian backed concern is to build near Port Sudan, as reported in the *Financial Times* earlier this week.

In two related moves on the development front, the Sudanese Finance Minister, Mr. Mamoun Behairy, is due to return today from Jeddah, Saudi Arabia, after signing an agreement for a

\$28m. Saudi ryal loan to finance part of the Rabat Irrigation scheme. The terms of the loan have not been disclosed but it is the first loan which Saudi Arabia has made to the Sudan and could presage closer economic links between the two countries. Saudi Arabia last year guaranteed the \$200m. Euro-dollar loan which Sudan raised with the assistance of Adnan Khashoggi, the Saudi financier. It has also offered help with import finance, but this week's loan is the first action Saudi Arabia has yet taken.

Diplomatic sources here believe that the new Government in Saudi Arabia, following the death in March of King Faisal, may be taking a more active role in projects with the Sudan and may provide the large sums of money needed to make the Sudan into what the Arab States have at times called "the potential breadbasket of the Middle East."

Meanwhile the Kuwait-based Arab Fund for Economic and Social Development (AFESD) has sent the Sudanese Ministry of Agriculture its report on an agricultural development programme for the Sudan which could involve spending up to \$100m. The report, which is the result of an extensive survey, will be considered by the Arab Fund in the autumn after the Sudan Government has given its comments.

The Arab Fund could be the medium through which the Saudi Arabian Government channels any investment funds it proposes to direct to the Sudan.

## Beira patrol ends

By Malcolm Rutherford

THE BEIRA Patrol, by which for nine years the British Royal Navy prevented the loading of Beira, of crude oil destined for Rhodesia, has been discontinued.

Mr. James Callaghan, the Foreign Secretary, said yesterday in answer to a written Parliamentary Question that it was no longer necessary with the independence of Mozambique. His answer reflects Foreign Office confidence that the new Mozambique Government will ensure that no oil will reach Rhodesia via the Beira pipeline, even though its leader, Mr. Samora Machel, has not yet spelt out his Rhodesia sanctions policy in detail.

The pipeline runs from Beira to the Feruka oil refinery near Umtali and is the only one entering Rhodesia. The Beira patrol was set up in 1966 after Rhodesia's Channel shortly after Rhodesia's illegal declaration of independence, to prevent tankers entering the port. An emergency Security Council Resolution in April 1966 gave Britain powers to use force, if necessary.

That was at the time a Greek-registered tanker, the Joanna V, had ignored a British request not to enter Beira. The tanker left four months later without having discharged its oil cargo. Since then the patrol has been completely successful in its limited mission. It did not prevent oil entering Rhodesia through South Africa.

UPI adds from Can Phumo: President Samora Machel has pledged his one-day-old nation's support for black nationalism in neighbouring white-ruled states.

## Ennals talks on Rhodesia

By Graham Hutton

MR. DAVID ENNALS, Minister of State in the Foreign Office, was due to hold talks with the South African Government on Rhodesia after his arrival from Can Phumo, the newly named capital of Mozambique.

He is to meet the South African Prime Minister, Mr. Vorster, in Pretoria tomorrow. Mr. Vorster's resolve to press for an early settlement of the Rhodesian dispute has been strengthened by the overwhelming support his party obtained in two important parliamentary elections in the Transvaal yesterday. In both the Middelburg and Gertina constituencies, the National Party candidates drew more than twice as many votes as the ultra-conservative Herstigte Nasionale Party, which has been campaigning vigorously against Mr. Vorster's detente initiative.

In counting support for the United Party—which stood in Middelburg and which so far has backed Mr. Vorster's Rhodesian moves—the ratio of those for to those against detente was in excess of three to one.

John Stuart adds from Cape Town: The low percentage polls in the Parliamentary elections in Gertina and Middelburg in the Transvaal, and the 8 per cent. swing to the ultra-Right wing HNP at the expense of the National Party this week confirmed the state of uncertainty among rural Afrikaans about Prime Minister John Vorster's partial retreat from previously hard-line domestic and foreign policy in respect of Africans and Africa.

Nationalist observers here dismissed the notion that the results were a manifestation of a white backlash against Mr. Vorster's conciliatory approach to Black Africa; but they did say that the heavy abstentions (averaging more than 50 per cent.) showed that the party's more conservative grass-roots supporters had suffered a crisis of security.

## MRS. GANDHI'S LEVERS OF POWER

## The Generals will obey

By K. K. SHARMA, NEW DELHI CORRESPONDENT

MRS. GANDHI must have full command over four main forces in India to ensure that her plans, whatever they may be, are successful. These are the army, the police, the civil service and the states. Since the loyalty of these forces has never been tested before in an emergency arising out of internal factors—previously states of emergency have followed threats from outside India's borders—obviously any assessment of how these will react to an entirely new situation can only be speculative.

To take the army first, India has nearly 1m. men in its armed forces. Of these nearly two-thirds are deployed along the northern borders against China or in cantonment towns in Punjab. The rest of the army is based in what are known as "peace" stations and can either be used by Mrs. Gandhi or, in the unlikely event that they wish to revolt, act against her.

## Resented

The army's role on India's political scene has so far been almost totally nil. The only time it has been called out to act in the country has been to maintain law and order in situations which the police cannot control. This role has been resented both by the civilians and the army in the past and has always been used as a last resort.

The army has never exercised any political powers. This is largely because of obvious difficulties in a country as large as India and also because democracy had been entrenched strongly enough for the civil power not to be challenged. But, in a totally new situation, the army could have a new role—though this would depend on whether there is any officer with sufficient backing to assume the role of a military rebel. At present there is no such person; the three Chiefs of Staff

of the Army, Navy and Air Force have reached their positions through the normal promotion procedure and have been, in fact, selected by Mrs. Gandhi.

The army is divided into four or five commands—the Western, the Northern, the Southern and the Eastern, in addition to the

also large contingents controlled directly from New Delhi. These include several battalions of the Central Reserve Police and the border Security police, the latter having been formed to relieve the army of the duty of patrolling the border region with Pakistan and to maintain law and order in that region. Both groups

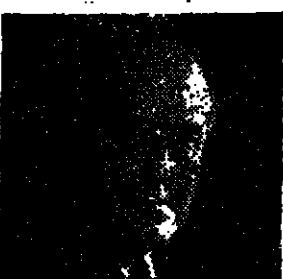
years before 1970, when the Congress came to power again. The civil service is efficient and it is largely because of its professional functioning that a large country like India has been successfully administered.

But it must be remembered that the IAS is very much a part of the democratic structure. Of all the forces that Mrs. Gandhi must control, this is the most important if she wants her orders carried out: it is also, in the present situation, the biggest unknown factor. Democratic by instinct and training, members of the IAS must surely now be having doubts about Mrs. Gandhi's acts. But any revolt will prove difficult simply because the IAS, despite its all-Indian nature and organisation, is not united as such. It has also been trained to obey its political masters. And Mrs. Gandhi can be expected to weed out possible rebels before they get the chance. Should, however, the civil service unite sufficiently to oppose the Prime Minister, it would be the most difficult to deal with.

## Obstructive

Less difficult to deal with, so far as Mrs. Gandhi is concerned, are the states. Fortunately for her, elections in the past few years have brought to power Congress governments in all the states except Kerala (where a Communist-led coalition rules with the support of the Congress), Tamil Nadu (where the regional Dravida Munnetra Kazhagam is in power) and Gujarat (where the five-party combine of Right-wing parties has just formed the government). Only Gujarat can prove to be obstructive, and Mrs. Gandhi can be expected to use her emergency powers to take care of this threat. "President's Rule" is now almost certain in Gujarat and its leaders may well join the rest of the opposition in Indian jails.

## JOHN BRIGHT GROUP



## Hopes fulfilled

The 52nd Annual General Meeting of the John Bright Group Limited will be held in London on July 16, 1975. The following is a summary of the circulated Statement of the Chairman, Mr. I. M. L. D. Forde, for the year ended March 30, 1975.

## THE RESULTS

The results of the Group for the year have fulfilled the hopes expressed in my last Statement. Pre-tax profits of the Group before deduction of Loan Stock interest rose from £944,806 to £1,267,806. Our profit would, however, be substantially lower than the figure shown in our accounts if depreciation were charged at the full rate demanded by the increased replacement cost of plant and machinery. An interim dividend of 0.95p has been paid and your Board now recommends a final ordinary dividend of 1.10p per ordinary stock unit of 25p, making a total of 2.05p for the year as against 1.925p paid for the previous year. After allowing for tax credits, the total dividend is equivalent to 12.441 per cent. as against 11.268 per cent. paid last year.

## TRADING

Industrial textiles have increasingly become our dominant operation and our order book in this division at the close of the year remains at a high level. Our spinning capacity enjoyed an almost insatiable demand for cotton yarn until September, when the market declined sharply. The decision was taken during the year to reduce our spinning output to a level more in keeping with our future needs. This reorganisation has now been completed successfully and we are once more trading profitably in our spinning activities. The operations of the carpet yarn spinning unit suffered from the recession in the carpet industry, but the adverse effect was somewhat mitigated by the continuing demand for heat-set yarns. Since November, the downturn in the motor industry world-wide has been reflected by a fall in the demand for tyre cord fabric. The decision was reluctantly taken in March to close our Canhill plant in order to concentrate production and preserve the skilled labour force at our other two cord fabric plants. Building on our present strong position in the technological field of reinforcement materials for the rubber and plastics industries, we have embarked on a major expansion programme in this area.

## THE FUTURE

With a good order book for industrial textiles and the improvement in the raw material supply position, we should be able to look forward to another satisfactory year, even though the outlook for our carpet yarn and cord fabric activities is not so encouraging as we would like it to be.

## HIGH-TECHNOLOGY MANUFACTURING BUSINESS

## FOR SALE

Continent location ideal to serve both Common Market and Eastern bloc. Modern air conditioned 35,000 square foot plant with ample expansion capability. Strong management. Unique opportunity for company needing quick capacity in computer, telecommunications or similar fields. Available with profitable order backlog which will finance change-over to your own products. Possibility also to license some present products. Principals only — no brokers. Write Box T.441, Financial Times, 10, Cannon Street, EC4A 3DF.

## 13 killed in Beirut fighting

By Ihsan Hijazi

BEIRUT, June 26. HEAVY fighting continued for the third day today in two Beirut suburbs between members of the right-wing Phalangist Party and Belfast supporters of the Palestinian guerrillas, leaving at least 13 dead and 30 wounded.

Mortars, RPG rocket launchers and heavy machine guns were used in the intensified exchanges today in the adjacent suburbs of Chiyah and Ain al Rummaneh in the South of Beirut. The fighting was still continuing this evening.

Security forces which stood between the combatants came under fire and returned it wherever possible, suffering a number of casualties.

The fighting intensified despite an overnight appeal by Mr. Yassir Arafat, chairman of the Palestinian Liberation Organisation, to the Lebanese to end the crisis following his meeting on Monday with President Frangieh.

In the lengthy statement, which was broadcast by Lebanese radio and television, Mr. Arafat declared the guerrilla movements unreserved respect for Lebanese sovereignty, and emphasised the commandos had no interest or intention in interfering in Lebanese internal affairs or politics.

Reuter reports: The fighting brought accusations in the left-wing Press that the authorities were in league with the Phalangists.

Sources close to security headquarters said they did not know who was shooting, but a Reuter reporter who toured the area said all the firing seemed to be between security forces and left-wingers.

## Laos elections postponed

VIETNAME, June 26.

THE LOATIAN Government, now dominated by the pro-Communist Pathet Lao, today announced the indefinite postponement of general elections scheduled for July 10.

The announcement, which follows a cabinet meeting last night, came as the Pathet Lao were poised to complete their bloodless take-over of the country.

The national assembly was dissolved on April 13 under pressure from the Pathet Lao who were not represented in it. Observers said that the elections would probably be held only after the Pathet Lao had completed its continuing process of liberating areas formerly held by the Vietnamese side.

## Saturday selection

When the week lies behind you, relax with the smooth, dry taste of Booth's Gin. And Booth's is the perfect companion for a Saturday night out.

## Smooth Booth's





EUROPEAN NEWS

W. German cabinet split on EEC financial cuts

WEST GERMANY'S policy towards the European Community has again been the subject of sharp differences in Cabinet—and has brought a decision to make a thorough stock-taking later this year.

At the heart of the problem is the fear of Foreign Minister Hans-Dietrich Genscher that Bonn's policy of making every possible financial saving within the EEC is being carried too far. His concern is that excessive zeal in this field will undermine the faith of West Germany's partners in her dedication to European integration.

His view emerged at a Cabinet meeting yesterday—in the wake of criticism by some colleagues that Agriculture Minister Josef Ertl had agreed too easily to EEC protective measures for Italian farmers at a Community meeting earlier in the week.

The Cabinet session also came on the eve of the EEC gathering

to consider the future of joint research centres, for which extra funds are being sought. The official Bonn line on this is likely to be tough too. The Foreign Ministry concern is that West Germany will forge for itself the image of ever saving for savings sake, and that this will prove politically counter-productive. A decision has now emerged to review Bonn's EEC policy at a special one-day Cabinet meeting—though it will not be held until September.

This dispute, in which the aims of the Foreign Ministry and those of the Finance Ministry cut across one another, is hardly new. But it appears even sharper now than it did some nine months ago when Bonn initially refused to agree to new EEC farm price rises, causing a widespread if temporary furor.

For one thing there is now even more fierce pressure on Finance Minister Hans Apel to make drastic savings in the face of a Budget deficit this year even larger than was first foreseen. Next year it will be very difficult indeed for the Government to get by without tax increases—but since 1976 is also general election year, every conceivable step is being taken to avoid this.

With some of the key reform proposals of the Social Democratic Party (SPD) already dropped for lack of Government funds, it is politically impossible for Herr Apel not to seek means of saving every possible pfennig abroad as well as at home. In this he has Chancellor Helmut Schmidt's full support.

As for Herr Genscher, he is head of a party—the Liberal FDP—which has long made the running in the Government coalition in urging progress towards European integration. He has all the more reason to continue with this policy in the face of Opposition criticism that the SPD and FDP have become "bloc parties" fundamentally indistinguishable from one another.

Europe's holiday makers

THE WEST GERMAN worker is well-off not only in wages but in holidays and holiday money.

Figures published today by Gesamtmetall, the metalworkers' union, show that with 26 working days of holiday and 11 national holidays the West German metal-worker gets the most free time in Europe, ahead of even the Italians with their 15 national days and 29-day holiday allowance.

At the bottom of the holiday list come Holland, Britain and Switzerland. Both Holland and Britain have 20 working days holiday and seven national holidays, while Switzerland is the most industrious of all with just 18 working days holiday and eight national days.

In addition to the free time the West German metal-worker also gets the most pay and the most "extra holiday money" with which to enjoy it. His pay of an average £512 for the total free time is supplemented by another £180 of holiday money. The £692 total compares with £500 for the very well-paid Danes and the Dutch, who get bigger holiday bonuses than anyone else. The British metal-worker's holiday pay is the lowest of all, with wages of £195 supplemented by no bonus. The French, the Italians and the Swiss also get no holiday bonus, and the first two of these are only a little better off than the British with total holiday pay of £245.

Import drop boosts surplus in May

A MARKED drop in Germany's imports in May brought the country's trade surplus up from DM2.8bn. in April to DM3.3bn. in May and thus broke the deteriorating trend in the German trade balance that has characterised the statistics so far this year.

The latest figures show imports in May of DM14.25bn. against DM18.88bn. in April and DM18.08bn. in May of last year. The export statistics show DM17.50bn. for May down from DM16.96bn. in April and DM16.96bn. in May 1974.

In the first five months German imports were down virtually unchanged in nominal terms at DM73.3bn. compared with DM72.2bn. in 1974. Exports, on the other hand were down noticeably, reflecting the weak export market that is now troubling German industry. The five month figure here was DM58.9bn. compared with DM59.5bn. last year.

The statistics for average worth show that May's imports were on average 3.5 per cent. cheaper than they were a year earlier, and that exports from Germany were 4.4 per cent. more expensive, both percentages referring to Deutschmark prices. The equivalent price figures for March were plus 6.2 per cent. for exports and minus 4 per cent. for imports. When these latter adjustments are applied to the five month export and import figures they suggest that imports so far this year are up by over 4 per cent. in real terms while exports are down by some 12 per cent.

The German surplus on current account for May was DM1.1bn. compared with DM700m. in April. The current account surplus for the first five months is thus running at DM7.2bn. compared with its level at this time last year of DM12.6bn.

Guy Hawtin writes from Frankfurt: West Germany's electro-technical producers moved deeply into recession in the first quarter of the year, according to figures released by their Manufacturers' Association. In nominal terms output fell by 8 per cent., while in real price-adjusted terms the decline was far higher at 12.5 per cent.

Unemployment in the industry, which rose to 5.2 per cent. despite a slight dip in the spring, said the report of the Zentralverband der Elektrotechnischen Industrie. However, some 900,000 workers were affected by short-time working.

Equally worrying was a sharp decline in incoming orders. The overall decline was 13.7 per cent., indicating that output will drop further. The heaviest fall, 14 per cent., was in domestic orders but export orders were also off by 12.8 per cent.

The ZVEI states that utilisation of capacity fell to an average of 75 per cent., while manufacturers were hit by rising raw materials prices and sharply increased personnel costs.

France cuts inflation to 10% -Fourcade

PARIS, June 26.

FRENCH Finance Minister Jean-Pierre Fourcade today underlined the seriousness of the British economic situation and compared it unfavourably with the success the French authorities have had in fighting inflation.

After announcing at a luncheon given by the French business weekly L'Expansion, that retail prices rose by no more than 0.7 per cent. in May, the lowest monthly increase since December, 1973, M. Fourcade said that France was now nearing the target of a rate of inflation for 1975 as a whole of less than 10 per cent.

This was the result of a definite policy and not just more favourable external conditions. By contrast, Britain had demonstrated "what results were obtained by those who preferred inflation to unemployment". M. Fourcade said prices were now increasing faster in Britain in three months than they would in France over the whole year. What was more, the number of unemployed was the same in Britain at the end of April as it was in France.

The French Finance Minister admitted, however, that it was much too early to proclaim a final victory over inflation even in France. The fall in imported raw material prices had permitted a stabilisation of producer prices, but the discrepancies which still existed between the latter and the retail prices showed that the reductions were not being passed on in many cases.

M. Fourcade also claimed success for his policies in the field of foreign trade. The target of a balanced trade account at the end of 1975, which had been considered unrealistic by most commentators, had been attained 12 months in advance, he said. During the first five months of this year, the trade surplus had amounted to Frs.5bn. (about £550m.) while the current payments balance had been in equilibrium in the first quarter.

The Minister did not deny that these favourable results had been obtained partly as a consequence of reduced economic activity. However, a genuine structural change in trade patterns had also taken place, he said.

Thus, the reduction in France's energy consumption had led to a cut of 20 per cent. in crude oil imports during the first five months of the year: there was now a surplus of more than Frs.1bn. a month for trade in capital equipment, compared with a deficit one year ago; and exports to new markets, particularly the oil-producing countries, now totalled some Frs.1.5bn. a month against only Frs.0.5bn. before the oil crisis.

Socialism is sweeping Europe, says Coutinho

LISBON, June 26.

ADMIRAL ROSA COUTINHO, a powerful, America must regain its image with the ordinary people of the world who now think that the star of freedom is just for the rich."

The Armed Forces Movement, in Portugal, had to be considered essentially as a liberation movement, added the Admiral.

"In 1945 and 1946 we wanted help here as did our neighbour (Spain). But, for pragmatic anti-Communist reasons the Western democracies chose not to help us to gain our freedom. Now, 30 years later, we are beginning to catch up and it is interesting to see such sudden concern on the part of these same countries about the course of democracy here."

The situation in Portugal was at present experimental. "We admit we have no definite plan and that is because we are imposing a special route towards Socialism. But Portugal will world."

Portugal and the U.S. earlier to-day signed an agreement for economic assistance through which the Americans will provide \$13.25m. for low cost housing in four main areas of the country. Apart from this, the U.S. Government has authorised a guarantee of \$20m. of private funds which will also go towards cheap housing. The American embassy said that total aid to Portugal this year had now reached \$36m.

However, Admiral Coutinho also had some blunt words for the Americans.

"In the past, during my youth, the United States used to be looked on as the star of freedom—they were the freest people in the world, we thought. But the U.S. is losing its image, perhaps because it became too

Publishers warning on Paris strikes

PARIS, June 26.

WITH FRANCE virtually deprived of newspapers today for the fourth time since April, the Paris newspaper publishers have warned that repeated strikes by printers were putting at risk the future of the country's Press.

This latest one-day stoppage, like its predecessors, is in protest at the plans of the "Parisien Libere", France's number two mass circulation daily, to sack more than 200 printers and close its Paris works as part of an economy drive.

To-day, printers from the Communist-controlled SGT union and the Socialist CPDT marched through the capital, clashing with rival demonstrators armed with banners proclaiming that "the Left is assassinating the Press"—a reference to events concerning the Portuguese daily Republica which has caused so much turmoil here.

The only newspaper on sale in Paris this morning was a "pirate" edition of the Parisien Libere, which appeared, ironically, with the assistance of printers from another union, the moderate Socialist Force Ouvriere.

The statement by the Publishers Association came as a deadlock in the dispute between the "Parisien's" publisher M. Amaury and the print union is complete. The Government has made clear that it cannot intervene, although a court order of evacuation still hangs over the occupied premises of the paper in central Paris.

To-day's events have become entangled with other worries about the French Press. It is no coincidence that for the first time in the series of printers' strikes several left-wing journalists' unions have thrown in their support.

Financial difficulties have over leading Paris papers like Le Figaro which is also the centre of complicated negotiations which could lead to a change in its ownership. Smaller publications are openly fearful that with only one or two more disruptions like today's they will be forced to go out of business.

Comecon energy projects

BUDAPEST, June 26.

COMECON LEADERS ended their three-day summit meeting here today with the promise to increase their raw material, fuel and energy production and to continue their long-range integration projects.

A protocol on the 29th Comecon Council, which comprises nine Communist nations, showed that the Soviet Union will continue as Comecon's main raw materials supplier; the nine

Security summit date deadlock

GENEVA, June 26.

THE 35-NATION European Security Conference failed today to set a date for a final summit meeting in Helsinki with Russia demanding the end of July but meeting strong opposition from an ally—Romania.

The Romanians rejected Soviet efforts to fix a summit date before arrangements are made for a formal follow-up review conference.

With support from nearly all of the smaller countries—Western, Communist and neutral—Romania said there must be agreement now on ascertaining later whether everyone lives up to their promises.

This formal review is opposed by both the Eastern and Western big Powers. They argue that a review can be arranged on the basis of developments following the signing of a completed document, which is in effect no more than a declaration of intent not subject to ratification.

Western countries today generally approved holding a concluding summit as soon as possible, but had reservations on fixing a date as long as some major issues are still outstanding.

These include the prior notification of military manoeuvres—on which Moscow is proving obstinate—and an article upholding Four-Power responsibilities in Berlin.

There is also the question of guaranteeing freedom of access to radio and television broadcasts, which would mean an end to all forms of "jamming."

Malta today also rejected the

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Extracts from the 1974 report of

# BOLIDEN

**GROUP Turnover and profits**

The turnover of the Boliden Group in 1974 increased to SKr 2617 million (SKr 1837 million for 1973). 46 per cent of the turnover were attributable to metals, 30 per cent to fertilizers, 17 per cent to chemicals excluding fertilizers, and 7 per cent to machines. Of the total sales, 38 per cent were export sales from Sweden.

The gross operating profit of the Group increased to SKr 491 million (374), and the operating profit after budgeted depreciation to SKr 370 million (270). Profit before dispositions and taxes was SKr 359 million (242). Net profit was SKr 42 million (60) after allocations to compulsory environment and special investment funds of SKr 78 million (0).

**PARENT COMPANY Production**

Ore deliveries from mines to dressing plants amounted to 10.2 million tons (10.0). The largest mine, Aitik, contributed 6.1 million tons (5.9). Copper output amounted to 59,900 tons (61,900). The production of refined lead and silver-bearing lead amounted to 45,200 tons (46,700), production of silver to 187 tons (196) and production of gold to 3.7 tons (3.8). 825,800 tons of sulphuric acid (822,000), as well as 64,600 tons of liquid sulphur dioxide (67,100) were produced. Solid chemicals production increased to 528,000 tons (501,000).

**Turnover and profits**

The turnover of the Parent Company increased to SKr 1674 million (1257), and the gross operating profit increased to SKr 355 million (273), and the operating profit to SKr 271 million (202). Net profit was SKr 35 million (55) after compulsory allocations to environment and special investment funds of SKr 77 million (0).

**Dividend**

Together with retained earnings of SKr 24 million, SKr 59 million were at the disposal of the Annual General Meeting. The Board recommended a dividend of SKr 10 per share and a bonus of SKr 1 for the year, or a total of SKr 11 per share (10), for which SKr 38 million (35) was appropriated. The Board also proposed an allocation of SKr 17 million to the debt adjustment reserve and a carrying forward of the remaining SKr 4 million.

The reports and accounts were approved by the Annual General Meeting of shareholders on May 6, 1975, in Stockholm.

**FIRST QUARTERLY REPORT FOR 1975**

The Group turnover for the first quarter of 1975 amounted to SKr 574 million (SKr 630 million for the first quarter of 1974). The decrease is primarily attributable to the weak demand on the worldwide market for copper, zinc and lead. It is estimated that the 1975 operating profit for the Boliden Group after budgeted depreciation will go down to around SKr 150 million (370), implying an adjusted net profit per share of SKr 14 (48).

MSKr	1974	1973
Turnover	2617	1837
Manufacturing cost, marketing and administrative expense	-2126	-1463
Gross operating profit	491	374
Budgeted depreciation	-121	-103
Operating profit	370	271
Non-operating income and expense	-12	-24
Extraordinary income and expense	1	5
Profit before dispositions	359	242
Dispositions	-251	-137
Profit before taxes	108	105
Taxes	-41	-38
Minority interests	-25	-8
Net profit	42	59
Adjusted net profit SKr per share	48.-	35.-
Dividend	11.-	10.-
SKr per share	11.-	10.-

**CONSOLIDATED BALANCE SHEETS**

	1974	1973
Cash	309	267
Other current assets	1090	744
Fixed assets	909	773
	2308	1784
Current liabilities	528	381
Long-term liabilities	590	541
Unfunded reserves	579	322
Minority interests	82	55
Shareholders' equity	529	485
	2308	1784

The accounts for the 1974 financial year were approved at the Annual General Meeting of Shareholders held on May 21, 1975. The accounts show the following results:

	Frs. 2,635 million
Operating revenue	Frs. 2,635 million
Net operating revenue	Frs. 1,015 million
Net profits	Frs. 18 million
Dividend per share, Frs. 6.00, including tax credit, amounting to Frs. 2.00, payable as from June 2, 1975 on the 4,800,000 shares of Frs. 50.00 nominal value, making up the capital of Frs. 240,000,000 (Coupon No. 40)	
Group's consolidated net profit	Frs. 30 million
Share of this net consolidated profit applicable to Crédit du Nord et Union Parisienne	Frs. 26 million

The Chairman, Mr. Antoine Dupont-Fauville, in his address to the Annual Meeting stated that the overall results, normal in view of present economic conditions and hindered by the necessary adjustments which the merger dictated were, nevertheless, unsatisfactory. However, although it is difficult to evaluate results based on only a three-month period, the first quarter of 1975 is clearly more favourable and constitutes for us a source of encouragement.

**Principal items of the Balance Sheet as at December 31, 1974**

	Frs. 20,254 million
Balance sheet total	Frs. 20,254 million
Total of clients' deposits	Frs. 12,840 million
Total of credits	Frs. 17,578 million

**Complementary activities of the networks: an essential asset for the success of the merger (\*)**

1974 was a landmark year in the history of Union Bancaire as it was the year in which the merger of the two organisations gave birth to your company in its present form. It would be unrealistic to suppose that the various problems, particularly those concerning the personnel, arising from a large operation such as this merger have been entirely solved. The least that can be said however is that the remarkable complementarity of the two branch systems limited considerably the potential of the problems. The new bank presently manages a commercial entity which numbers 700 branch offices, subsidiaries included.

Our first concern was to reorganise the branch system so as to avoid duplication of effort in those areas where two offices were geographically too close to each other. We were thus able to close a few of these branch offices while at the same time opening eight new ones in Paris and its suburbs, in the Bordeaux area as well as in Baume and Valence. We fully intend to continue developing the opportunities which a network of branches on a national scale give in financial terms.

**Greater efficiency gained in Overseas Markets (\*)**

The size of our new organisation plus our agreement with our friends and stockholders the National Westminster Bank as well as the Bayerische Vereinsbank will enable us to offer a whole new series of services aimed at helping our clients in their international banking activities.

(\*) Extracts from the Report of the Annual General Meeting. The Report can be obtained on request from Crédit du Nord et Union Parisienne, 6 & 8 boulevard Haussmann, 75009 Paris.

Boliden is the leading Scandinavian producer of non-ferrous metals and related inorganic commodities.

COPIES OF THE FULL REPORT may be obtained from Boliden Company Ltd, Information Department, Box 5508, S-114 85 Stockholm, Sweden, or from Boliden (Gt. Britain) Ltd., Oak House, London Road, Sevenoaks, Kent TN13 1BL.



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warning  
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strikes

## Socialists say 'No' to new Centre-Left coalition in Italy

BY ANTHONY ROBINSON

ROME, June 26.

ANY LINGERING hopes within the current Christian Democrat Party leadership that the Italian Socialist Party (PSI) is prepared to accept the proposal for a new Centre-Left coalition formula both nationally and locally, as proposed by Sig. Fanfani, have been thoroughly dashed as the PSI, addressing the PSI leadership meeting to-day party secretary Francesco de Martino said it was simply impossible for the Christian Democrats to re-propose the Centre-Left formula as it had happened at last week's regional and local elections or that the bitter electoral polemics between the CD party and the PSI party had not taken place.

Sig. de Martino's analysis of the election result is that the PSI has not succeeded in becoming the principal protagonist of the Left in Italy but that its moderate success has increased its importance as the arbiter of Italian politics. Furthermore, he said, the electorate has not linked the PSI with the policies followed by the Christian Democrats and the increased votes for the PSI show that its supporters see it as a party of the Left and an interpreter of a profound desire for changes.

The Socialist leader was at pains to underline, however, that his party opposed any attempt to provoke the fall of the present two-party Government led by Sig. Aldo Moro and called on the Christian Democrats themselves to undertake a fundamental re-examination of their policies and methods as the essential prerequisite for an eventual reconsideration of the possibility of closer collaboration between the two parties.

On the highly important question of the type of political alliances to form at a local and regional level, Sig. de Martino said that this posed fundamental questions of political strategy. The choice was between adherence to the pre-electoral formula of forming Centre-Left coalitions

locally wherever numerically possible and the elaboration of a new strategy to seek much wider forms of co-operation between the three major parties, including the Communist Party, and those minor parties who wished to participate as well.

Such a strategic issue, however, required ample debate and would have to be one of the principal topics for discussion at a fully fledged party congress to be called as soon as possible and for which preparatory work must start immediately.

Spokesmen for two of the leading internal factions, Sig. Riccardo Lombardi and Sig. Giacomo Mancini, insisted on the anti-Christian Democrat nature of the election result and called for an essentially Left-wing approach for the party. This would raise the prospect of that Left-wing alternative to Christian Democrat hegemony which contrasts the Communist Party's policy of a broader alliance to include Catholic elements which goes by the name of "historical compromise."

Meanwhile, the Communist Party has given a highly significant example of what it understands as "concrete politics" by sending a small, top-level delegation directly to the newly appointed Chief of Police, Sig. Giorgio Menichini. They called for prompt action to unnerve and dismantle the hide-outs of Right-wing extremists, and similar attempts to improve the professional position and working conditions of the police force, including the right to organise their own trade unions.

By direct action of this kind, the Communist Party clearly hopes to demonstrate both its concern with the public order question and its capacity to convert its political programme and electoral promises into practical effect. In this way it contrasts sharply with the state of utter paralysis and confusion now reigning in the Christian Democrat Party in the wake of its unprecedented electoral defeat.

## Gromyko in Rome

BY ANTHONY ROBINSON

ROME, June 26.

SOVIET FOREIGN Minister Andrei Gromyko arrived in Rome to-day for an official visit whose formal purpose is to maintain bilateral contacts and discuss the European security situation in the light of the forthcoming Helsinki conference. His visit has an added significance because from July 1 it is Italy's turn to chair the Common Market Council of Ministers in the person of Foreign Minister Mariano Rumor, who will be Mr. Gromyko's principal partner during his three-day visit.

Leaving the formal aspect of the visit aside, however, Mr. Gromyko is the first highly placed Soviet official to visit Italy since the Italian Communist Party's sweeping gains in the regional and local elections. On Saturday night he is holding a reception at the Soviet Embassy at which he will certainly meet high-ranking members of the Italian Communist Party.

Meanwhile, the Italian Press has noted that the Communist Party's electoral victory has received scant attention in the Soviet Press compared with the blanket coverage in Western newspapers. An article from

the Moscow correspondent of the Turin paper La Stampa interprets this as an indication that the prospects of the Communist Party's entering the Government is causing as much perplexity to the Soviet leaders as to U.S. Secretary of State Henry Kissinger.

The increased prestige of the Communist Party, its close links with the heretical Yugoslav party and the Spanish party led by Señor Santiago Carrillo, its criticism of the Portuguese party led by Moscov-trained Alvaro Cunhal, its insistence on the gradual dissolution of both the Nato and the Warsaw pacts all amount to signs of the potential emergence of a new Mediterranean pole of attraction within a world Communist movement already split between Moscow and Peking.

The Italian Communist Party has gained votes precisely because it has convinced a growing part of the Italian electorate that it respects and believes in the value of democratic institutions and the right of each country to move towards socialism in the light of its own national cultural and historical traditions. But this is hardly an orthodox Soviet viewpoint.

## Swiss Bank may tighten foreign exchange rules

BY JOHN WICKS

DAVOS, June 26.

THE SWISS National Bank is currently examining possibilities of further tightening its regulations governing foreign exchange transactions. This was stated here to-day by the Bank's president, Dr. Fritz Leutwiler, at the annual general meeting of the Swiss Chemical Industry Association. The existing situation, he said, still permitted foreign interest to exceed the 10 per cent per quarter negative interest rate on foreign Swiss franc accounts.

Dr. Leutwiler said the National Bank was sceptical about the prospect of a greater degree of intervention on the foreign exchange market to uphold desirable exchange rate levels. The Bank had, he said, purchased dollars worth about Swiss Frs. 450m. since the start of this year. These purchases of up to

\$100-200m. on given trading days had not proved successful in holding down the Swiss franc rate correspondingly. Dr. Leutwiler spoke of the "very negative experiences" the National Bank had had with its former pre-floating interventions, which had themselves been partially responsible for the highest Swiss inflation rates since the war.

Further National Bank purchases on the foreign exchange market were to be expected however, he added, claiming there would probably be no marked fall in the Swiss franc rate by the end of the year.

The call for a two-tier market for the Swiss franc had now almost disappeared, Dr. Leutwiler said. There could be no question of Switzerland re-introducing a ban on foreign investments.

## By the numbers

BY JOHN WICKS

ZURICH, June 26.

IN A STATEMENT issued from its Basle offices, the Swiss Bankers' Association said that "despite misunderstandings and obscurities" that occasionally occur with regard to numbered accounts, there is no reason for the system to be abolished.

Reacting to reports of unofficial talks between the National Bank and representatives of the major commercial banks on the future of the Swiss system of numbered accounts, the association says that these accounts have in the past played a valuable part in complementing the statutory

banking secrecy rules to protect particularly the assets of politically and racially persecuted persons. To-day, too, there are "perfectly legitimate grounds" for many bank clients to demand this discretion.

It would be false and one-sided to suppose there were criminal funds behind Swiss numbered accounts. Holders of numbered accounts and those applying for them were investigated especially carefully by the banks. The banks depended on a good reputation and the trust of their clients and had no interest in protecting criminally-obtained money.

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## Brought to book at last

BY DAVID LASCELLES, EAST EUROPE CORRESPONDENT

MIXED FEELINGS greeted Moscow's long-delayed accession to the Universal Copyright Convention in May 1973. Western publishers and performers were delighted because it signalled an end to piracy in one of the world's biggest markets for words and music, which cost them untold millions in lost royalties. Others feared that the move was intended to stifle further dissident writing, by making it an offence against the foreign trade laws to publish abroad privately.

Two years later Moscow's decision seems on balance to have been a good thing. Little has been heard of it being used as a weapon against dissent. On the other hand, the Russians have been busy signing up copyright pacts with the 63 other signatories to the convention. They have proved lucrative for western writers, composers and musicians. This work has been done by the Soviet Copyright Agency VAAAP, a somewhat anomalous body officially classed as non-governmental, but which nevertheless enjoys foreign trading rights normally reserved exclusively for State organs.

VAAAP is headed by a former editor of the youth newspaper Komsomolskaya Pravda, Mr. Boris Pankin, whose dark and crazy features are now well-known in western copyright offices. He and his main officials were in London earlier this month, where he told a Press conference that the Soviet Union had fixed up agreements with

most of the major countries in the West and that VAAAP would be setting up offices in Sweden, Britain, France, Germany, the U.S. and possibly elsewhere.

There was much scope for exchanges, he said, and the Soviet Union was looking forward to playing a full and constructive role in the copyright field. Asked why the Soviet Union had joined the Convention after so long, Mr. Pankin said his country wanted to normalise relations with the rest of the world as far as possible. "Accession is linked to our detente policy," he said. "We wish to broaden our cultural co-operation with other countries. But we have also taken the step out of respect for creative people."

VAAAP's relations with Britain are governed by agreements with the Performing Right Society, the Publishers' Association, and the British Copyright Association. But details are negotiated directly between VAAAP and the publishers, writers, and other agencies whose works it wants to use. For instance, it signed contracts with Boosey and Hawkes for the sale of Soviet music in Britain, and with Pergamon Press in Oxford for the exchange of about 30 titles a year, mainly scientific and technical.

Talks at this level often involved hard bargaining. But they but it suits the peculiarities of the Soviet book market where the "worst" books are frequently those with the least

bridged before copyright relations can be said to be completely normal. The biggest difference is how royalties should be assessed, and has held up book publishing in particular. According to Mr. Andrew Nurnberg of Robert Harben Associates, the literary agents, who is the principal negotiator, the well find themselves on the appeal, and vice versa. So the system is designed to sustain writing that does not pander to a popular market... Were the Soviet Union to operate a Western percentage royalty system, party ideologues might find themselves on the breadline.

Russians do not pay the author a percentage of the retail price, whose books are frequently snapped up in one day, could the author receiving royalties become a millionaire overnight. (This figure evolved from galley proofs known as authors' signatures containing 16 pages of type which need the author's approval before they may be folded and cut.)

As one might expect the system has encouraged verbosity, being anything up to £100 per author's signature. Also, the Soviet book market where amazingly low prices of many books in the Soviet Union would make a percentage royalty

derisory. One of Mr. Nurnberg's books is currently being sold for 30 kopecks, or less than 20p. The trouble is that the Russians have a scale of rates for authors' signatures which discriminates against foreign authors. First publication in the Soviet Union attracts the top rate, but translations, whether into Russian or another Union language, get only one third as much. The Russians say western titles bought and translated through VAAAP should get translation rates, but the western position is that foreign titles constitute a first publication in the Soviet Union and should get top rates.

The Russians offered to compromise by paying percentage royalties, but though western publishers operate this system themselves, they will resist it because it would mean a smaller return than authors' signatures for the reasons already described. It would be different of course, if the Russians started importing more popular books: their enormous print orders running into hundreds of thousands would provide a decent return. Mr. Nurnberg feels a step has been taken in this direction with VAAAP's decision to buy Rendez-vous With Rama, a science-fiction novel by Arthur Clarke.

Music has been easier to organise. Soviet records are paid not by length but by the number produced, a form of percentage royalty which the West believes will yield a fair return. According to Mr. Pankin light music gets less than serious music, but makes up for it by being mass produced. A typical Soviet record, he said, has a run of about 3m. copies earning about £p each, which works out at £15,000. British musicians would even get royalties from Soviet juke boxes, which is more than they do from American ones because of a quirk in U.S. legislation, he pointed out.

Mr. Pankin warned that performing rights might present some problems because Soviet Radio and TV, the main performer of foreign works, is short of money. But he believed something could be done, especially where previously unpublished works were concerned.

There is one big hole that VAAAP cannot and will not plug. Russia's accession to the Convention has no retrospective effect, meaning that Soviet book and record publishers can go on using foreign works published before May, 1973, without paying royalties. Mr. Pankin hinted that exceptions might be made to prove Soviet good faith. Western copyright lawyers have confirmed though that it would be too complicated to compel payment for all works that still attract royalties in the West. But with a market of 250m. now prepared to pay for what they hear, see and read, the Western copyright owner agrees that progress has been made.

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## HOME NEWS

## BHS, Sainsbury seeking hypermarket go-ahead

BY SANDY McLAHLAN

BRITISH HOME STORES and J. Sainsbury have lodged an application for planning permission for a hypermarket with a selling area of 90,000 sq. feet on a site three miles outside Colchester, Essex.

This is the first planning application lodged by the two companies since the announcement in April that they were to form a new company jointly to develop hypermarkets.

The application by two such powerful retailing names is seen in some quarters as a direct challenge to the planning authorities, which have been slow to grant applications for these very large out-of-town stores.

Indeed, the original announcement that Sainsbury and BHS were entering the field was warmly welcomed by other hypermarket operators such as Carrefour and Tesco who took the view that they were gaining important allies in breaking down entrenched opposition to the hypermarket concept.

The choice of Colchester for the first application is interesting in the light of this, although a Sainsbury spokesman said yesterday that it was partly coincidence that Colchester was the first of a number of applica-

tions under consideration to come to the top of the pile. Part of the interest lies in the fact that the Sainsbury/BHS partnership is not the first to put in applications for sites around the Colchester area.

A year ago, Carrefour submitted outline plans but as time went on, it received no reply from the local authority concerned and has subsequently withdrawn its application.

## Outline plans

The proposed Carrefour site was close to the 18-acre site at Stanway—three miles west of the town centre—which Sainsbury/BHS are proposing to develop.

Two other groups also have applications in. Asda has submitted plans for one of its superstores, while Tesco is also seeking permission for a hypermarket.

Another point of interest is that Sainsbury already has a store in Colchester while BHS is intending to open a large store which will include a food section and a restaurant in the town centre in March next year.

BHS states that its plans for the town centre store will go ahead even if the hypermarket is allowed and according to Sainsbury, its supermarket will

continue to trade, even with a hypermarket outside the town. Part of the controversy over hypermarkets is their effects on existing trading centres, with established traders objecting on the grounds that their businesses will be hard hit.

Hypermarket operators claim that these very large stores are complementary to existing centres and the Sainsbury/BHS combine is putting this point forcibly by choosing its first site by a town where both groups are represented.

The proposed store would have a gross area of 120,000 sq. ft. and car parking facilities for around 1,250 cars. The two companies say the plans involve intensive tree planting and landscaping and claim that the surrounding road network is well able to handle any extra traffic generated.

If the joint company is allowed to develop the hypermarket it will sell food textiles and general merchandise to the standard which prevails in existing Sainsbury and BHS stores.

This merchandise will include own-label goods from each company and because of the economies which hypermarkets allow, prices will be cheaper than in stores of the two groups in central locations.

## 'Unofficial' whisky exports scotched

BY KENNETH GOODING, INDUSTRIAL CORRESPONDENT

DISTILLERS Company, the major Scotch group, has taken action to stop the unofficial export of whisky from the U.K., must in future specify which of the so-called "parallel" market. This trade developed in a big way over the past year because of the large differential between the price of whisky bought in the U.K. and the export price.

It has upset sole agents abroad because the brands they have been handling have been on sale at below the price they discover on sale in overseas markets bottles sold for U.K. consumption and on which a discount was allowed.

The effect of this move is to make it no longer financially worthwhile to export Scotch whisky through unofficial channels.

The DCL was not able to force its customers to stop exporting Scotch because then it would have to apply only to the U.K. market while the export of those brands to Common Market countries regulations.

## Lord Watkinson promises Industry Bill 'bumpy ride'

BY HAROLD BOLTER, INDUSTRIAL EDITOR

LORD WATKINSON, the Confederation of British Industry's President-elect, issued a warning yesterday that the CBI's fight against the Government's controversial Industry Bill is by no means over.

Lord Watkinson made the point at a conference on the Bill held in London, at which he emphasised that the proposed legislation could have a "very bumpy ride" in the House of Lords.

"It is too early to make final judgments on the amendments to the Industry Bill published on Wednesday," he said. "At first glance it would seem that though there have been one or two useful amendments to make the Bill more workable, our main criticisms have not been met."

"That being so we will continue to press our case in both

## Optrex to switch production to Swindon

Financial Times Reporter

OPTREX, the medical and optoelectronics manufacturer, yesterday announced that it is to move manufacturing operations from its Middlesex plant to Swindon.

The transfer will be phased over the next two and a half years and 130 production workers will be made redundant. The decision will not affect existing arrangements which will continue at Perivale. New headquarters office accommodation will be found, probably west of the London area. The 120 staff now employed at Perivale will all be given the chance of relocation.

Dr. G. T. Bassil, managing director of Optrex, said after announcing the decision: "We have decided to make this change to allow us properly to continue the considerable expansion plans that we have in hand for the Optrex company over the coming years."

"We feel that the age of the present manufacturing building in Perivale and the restricted size of the site rule out the possibility of rebuilding or upgrading the present factory."

It has, therefore, been decided to move the facilities to another group manufacturing plant in Swindon and to progressively complete the operation around the end of 1977.

Optrex was acquired jointly in January this year by Hoechst U.K. and Roussel Laboratories.

## FLOAT-OUT DELAYED

The float-out of the all-steel production platform Highland Two, due to take place early yesterday at Nigg Yard Graving Dock, North-Eastern Scotland, was delayed because of high winds.

The platform, the last of the pattern of four production platforms for British Petroleum's North Sea Forties field, will be floated out as soon as weather and tide permit, a spokesman for Brown and Root—Wimpey Highlands Fabricators said.

## Ulster police form anti-killer squad

BY OUR OWN CORRESPONDENT

BELFAST, June 26.

A SPECIAL murder squad to deal specifically with Ulster's sectarian killers is to be formed, Sir James Macgillivray, Chief Constable of the Royal Ulster Constabulary, announced today. This follows his promise to introduce new measures to deal with sectarian murder, which is pointing out that 295 young men were being corrupted by now the biggest security problem. Formation of the new unit, known as the A Squad, means that the hard-pressed expansion of the hard-pressed CID. It is thought that some 36 detectives will be assigned to it.

Sir James said the A Squad would work closely with the Special Patrol Group, which already operates in difficult areas, and would be a powerful arm to the efforts of the RUC to track down killers. The present wave of murders, in which over 100 people have been killed this year, presents a major challenge to the police, as the absence of organised terrorism since the IRA ceasefire and the resulting phasing-out of the IRA has meant that the only Democratic Unionists are being to tackle the problem, as Mr. Reid said this week, is by painstaking police work.

The idea of forming one party, which would, in effect, be a recreation of the old, monolithic Unionist Party, has been debated on and off for some time. Vanguard is committed to the measure, but the Rev Ian Paisley's of detention mean that the only Democratic Unionists are being to tackle the problem, as Mr. Reid said this week, is by painstaking police work.

## Tower Hamlets to buy 108 acres in Dockland

BY JOHN TRAFFORD, PROPERTY EDITOR

TOWER HAMLETS Council has participated in a vote to buy 108 acres of dock-land at Wapping from Riverside and the Stage One planning London, a port of London application will go to the Dock-land Authority for £47m. The land will be used for housing for 5,000 people, with some commercial and industrial development. Secretary of State for the Environment, to say yes or no. The details of the redevelopment have yet to be settled. Mr. Paul Beasley, leader of the council, says it will decide the final form of the Wapping local boroughs of Greenwich, Lewisham, Newham, Southwark and London a recent exercise in public Tower Hamlets.

## BSC coke output cut

Financial Times Reporter

COKE PRODUCTION is to be reduced by about 50 per cent. at the British Steel Corp. works at Hartlepool Teesside. The cutback, due to start today, comes two weeks after iron making was suspended at the plant and steel production reduced from 18,000 tons to 2,000 a week.

Coke production at Hartlepool's North Works is to be cut from 2,500 to 1,000 tons a day. The number of days in operation will be reduced from 27 to 15. At the South Works, production will be cut to-morrow from 6,700 to 3,000 tons a day using 36 of the 87 ovens.

## IN BRIEF

## 'Far East' port

The Port of Cardiff has been recognised by the Far East Freight Conference as a port for which there is no additional freight charge for direct delivery. It is now listed as such in the FEFC tariffs covering shipments from the Far East.

## Extra sailings

To cope with an increase in demand for cross Channel car ferry bookings, Townsend Thoresen is to make four extra sailings a week between Southampton and Cherbourg.

## Name change

Brookhouse Engineering, West Bromwich, becomes Brookhouse

Transmissions on July 1. The name change is expected to assist exports, which already account for 25 per cent of turnover.

## New trade centre

A trade centre has been opened in Manchester by Montedison (U.K.), a subsidiary of Montedison SpA, Italy. The Italian fibre producer intends to become one of Europe's major fibre makers.

## Commerce team

Chambers of Commerce team to meet the Chancellor of the Exchequer to discuss economic situation to-day at the Treasury will be led by the president, the Earl of Limerick, and chairman of council, Mr. Nigel Mobbs.

## APPOINTMENTS

## B. F. W. Scott joins Lloyds Bank Board

Mr. Bernard F. W. Scott has been elected to the main Board of LLOYDS BANK. He is chairman of Lucas Industries and a member of the British Overseas Trade Board.

Mr. G. J. Costello, a deputy chief cashier of the BANK OF ENGLAND will become chief accountant from October 2 on the retirement of Mr. R. C. Balfour. Mr. G. L. Wheatley, an assistant chief cashier, becomes a deputy chief cashier in Mr. Costello's place.

Mr. E. P. Galvin has been appointed to the Board of ARTHUR GUINNESS SON AND CO. (DUBLIN) from September 1. Mr. C. M. Jones will be made manager of the engineering department of AGS (Dublin) from that date.

Mr. D. J. Hubble has been appointed a director of CHRISTIE TYLER.

Mr. E. G. Beane, manager, head office staff of the ROYAL LONDON MUTUAL INSURANCE SOCIETY and Mr. Gerald Doone, manager of the estates department, have retired.

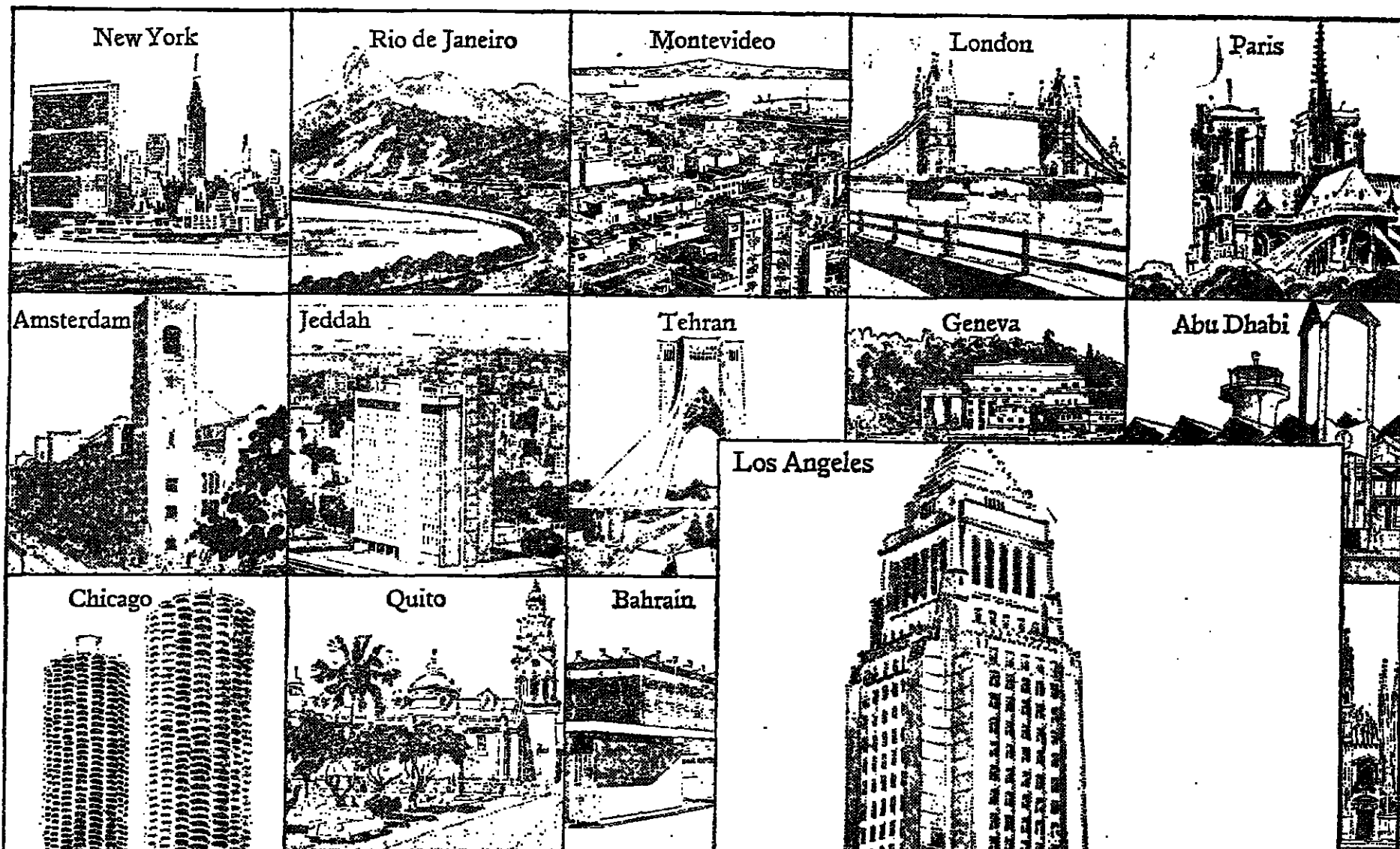
Mr. Charles F. Herzberg is to join CLARKE CHAPMAN as corporate development director from August 1.

Mr. Peter Parrott has been appointed to the newly created position of financial director of GRAND METROPOLITAN HOTELS from June 23. He was previously with Cunard Lines.

Dr. G. B. Turner will become chairman of BRITISH CELANESE on July 1 and continue as managing director. The Courtaulds managing Board director monitoring British 1971.

Mr. David Blakie has been appointed deputy chief general manager of GENERAL ACCIDENT FIRE AND LIFE ASSURANCE CORPORATION from July 1. He became a general manager in 1970 and has been a director since 1971.

## We've been "at home" for a long time in many places around the world.



## And now also in Los Angeles.

Our new Algemene Bank Nederland office opened in June. With the same combination of services ABN offers you in other places - also local people in key positions, backed by a thorough international organisation.

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San Francisco  
Representative Office  
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## HOME NEWS



The Queen, escorted by Sir Henry Hardman, chairman of the Covent Garden Market Authority, at the opening ceremony. She was accompanied by Prince Philip and the Minister of Agriculture, Mr. Fred Peart.

## Queen opens new Covent Garden market

Financial Times Reporter

THE NEW 68-acre Covent Garden market complex at Nine Elms, south of the Thames, in London was opened yesterday by the Queen. She is seen here, escorted by Sir Henry Hardman, chairman of the Covent Garden Market Authority, on a tour of the fruit stalls. She visited one of the large fruit and vegetable market buildings while the Duke of Edinburgh, who also attended the ceremony, visited the other.

The market was built at a cost of £37m., a substantial proportion of which was a Ministry of Agriculture grant. Trade has been carried on there since last November when the operations so familiar to opera lovers at the old Covent Garden market in central London was closed down.

Most of the tenants in the new market trading in fruit and vegetables have received six-year leases. Office rents average £2 a square foot for the first three years with an increase of 10 per cent at the start of the fourth. Flower market trading space rents of £3 a square foot have been agreed for the first three years with a fixed 10 per cent. increase for the following three years.

Meanwhile the future of the old Covent Garden remains uncertain. Two institutions, the National Provident Institution and the London Life Association, have carried out short-term renovation while preparing long-term plans based on conservation of the existing buildings.

## £9M. MACHINE FOR BSC WORKS

A CONTINUOUS casting machine costing more than £9m. is to be installed at the BSC works at Lackenby, Teesside.

The machine, which will produce slabs for plate rolling mills, will complete the continuous casting plant commissioned three years ago.

## BBC's new governor

By Michael Thompson-Noel

MR. MARK Bonham Carter has been appointed a governor and vice-chairman of the BBC. It was announced from 10 Downing Street yesterday.

He succeeds Lady Plowden, who resigned the vice-chairmanship on becoming chairman of the Independent Broadcasting Authority. Mr. Bonham Carter, who was the first chairman of the Race Relations Board, from 1966-70, is chairman of the Community Relations Commission, a director of the Royal Opera House, Covent Garden, and governor of the Royal Ballet. He is 53.

It was also announced yesterday that Lady Stedman, vice-chairman of Cambridgeshire County Council, has been appointed a member of the IBA. The appointment is until July 31, 1975, and completes the membership of the authority.

## Growing pressure on bookmakers' margins

BY MICHAEL THOMPSON-NOEL

OFF-COURSE betting turnover last month showed a 8.5 per cent advance on May, 1974, from £135.5m. to £148.4m., confirming the pattern of the past 14 months which shows that U.K. gambling expenditure, in real terms, is falling.

Most U.K. bookmaking companies report stiff pressure on margins, while some of the biggest, such as Ladbroke, are selling, or closing some of their shops.

At its peak, the Ladbroke betting shop chain numbered 1,140 units. This has now been reduced to around 1,080 and may eventually be slimmed to 900. Most of this, however, is straightforward rationalisation: in some instances, Ladbroke is replacing three or four backstreet units with one "super-shop" on a

prime site with a weekly turnover target of £20,000-plus.

Provisional Customs and Excise figures published to-day show that in May off-course bookmakers paid £11.13m. in betting tax compared with £10.18m. in the same month last year. On-course bookmakers paid £617,000 (£610,000); the horseracing Tote paid £210,000 (£147,000) — the increase reflects the Tote's recent off-course expansion, and dog Tote operators paid £250,000 (£240,000).

Football pools betting continues to grow. Pool betting duty paid last month totalled £8.19m. against £6.98m. in May 1974, while bingo operators paid £583,000 compared with £475,000.

Overall, betting and gaming duties last month totalled £21.13m. (£18.81m.). In the 12 months to March 31, 1975, these taxes raised a total of £238.55m. compared with £155.48m. in the previous 12 months — partly the result of increased turnover, partly of higher rates of off-course betting and pools duty.

## EMI ahead in computer X-ray-U.S. magazine

BY DAVID FISHLOCK, SCIENCE EDITOR

EMI IS ahead of its two U.S. competitors at present in opening up the new market for computer-aided medical X-ray machines, but will encounter tough competition in future from U.S. General Electric, Siemens and Pitzer, according to the U.S. business magazine *Forbes*.

The report suggests that one important reason why the new technology will sell well in the U.S. is public enthusiasm for malpractice suits against doctors. The computer-aided X-ray scanners can differentiate with remarkable clarity between the soft tissues of the body, even when these are shrouded by bone.

U.S. doctors who fail to use the technique on their patients could later be held liable to charges of negligence if, for example, the patient turns out to be suffering from an undiagnosed tumour. According to *Forbes*, doctors estimate that by the early 1980s few of the 1,350 U.S. hospitals with more than 300 beds will be without a scanner.

## Doubts

Competitors to EMI's latest system, the body scanner, are Technicare's Delta-Scanner, which Siemens plans to market outside the U.S., Britain and Canada; and Digital Information Science Corporation in process of being acquired by Pitzer.

EMI is reported to be looking for 75 per cent. of its sales of the new system in the U.S., the article raises doubts whether the X-ray market can support all the big companies now wanting to break in. There is speculation, it

says, that EMI may cater for the more medically advanced type of hospital, while Technicare and Pitzer offer less sophisticated machines to smaller hospitals.

An EMI body-scanner recently begun clinical trials at the Medical Research Council's clinical research unit in London. Two U.S. hospitals—the Mayo Clinic in Rochester and the Mallinckrodt Institute of Radiology in St. Louis—are soon to start their own trials.

The system, first announced in March, featured at the third congress of the European Association of Radiology in Edinburgh this week. It scans the reclining patient in "salami slices" about 13 cm. thick, showing the image of each successive slice on a television screen.

## Problems

A leading article in *The Lancet* to-day suggests that there are a number of medical problems where the body scanner could be of immediate value, such as tumours of the pancreas, which "have long proved a problem in diagnosis, even with elaborate radiological techniques." In addition to revealing any enlargement of the pancreas it is expected to be able to differentiate between tumours and other kinds of diseased tissue, such as cysts.

In disputed cases of pneumoconiosis—the miners' disease—the body scanner should permit a measurement of the amount of silica in the patient's lungs.

EMI, with orders for about 250 brain scanners, expects to make its first deliveries of the body scanner early next year.

## Jersey to seek private aid for £5.5m. leisure centre

FINANCIAL TIMES REPORTER

JERSEY'S authorities have reversed an earlier decision and are now looking for private enterprise "partners" to complete a £5.5m. leisure centre complex overlooking St. Helier.

The 23-acre Fort Regent site, a former Napoleonic fortress, already attracts some 500,000 visitors annually. In 1963 it was proposed to turn the development of the centre to a private company and build a casino. But it was decided that the Jersey Government should undertake the project itself — without casino — with part of the finance coming from the profits of its own local lottery.

The main plan was to roof the fort's three-acre parade ground, build a conference rotunda and indoor sports centre all surrounded by some 56 barrack rooms converted to a variety of uses.

Doubts about rising costs, lions.

## WINE SALE

### Port prices improving

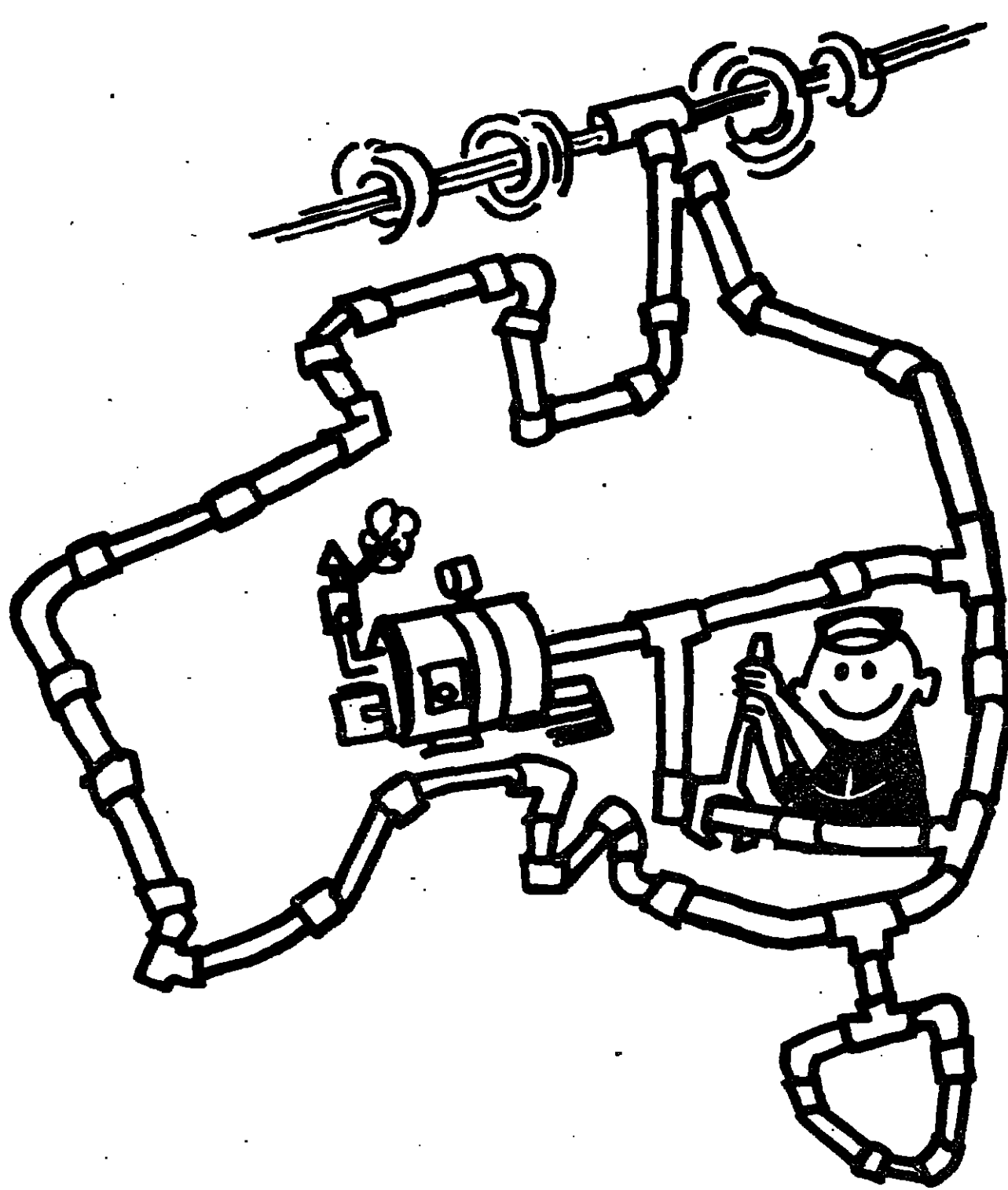
BY EDMUND PENNING-ROWSELL

AS VINTAGE port was second only to classed-growth claret as an investment item in the wine speculation boom which ended just two years ago, Christie's final port sale of the season provided an opportunity to gauge the current state of the market after the sharp post-boom falls in price.

The vintage most speculated in were the younger wines of the 60s—63 and '66—so price levels are of interest to the many still holding these wines. Although in a well attended sale there were no spectacular price rises, an average of £10-£12 per case higher than earlier in the year suggests that the market has reached bottom and might go higher.

The preponderance at this sale of the private buyer intent only on small-lot purchases led to discrepancies in price between these and the larger quantities of main interest to the trade only. Thanks partly to several keen American buyers, rarities fetched good prices. A single bottle of the rare Warre's brought £252. Taylor '64 made up to £115 a dozen; Cockburn '35 at £165 a dozen equalled the previous auction record; and Taylor '45 at £160 was scarcely below it. Taylor '48 went for £100 a dozen.

The message for those with younger vintage ports is surely to hold them, while those without might find this a good time to buy—for drinking later rather than short-term investment. The sale total was £28,000.



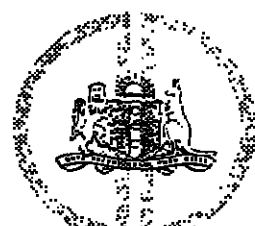
# Manufacturing opportunities in New South Wales Australia

New South Wales is Australia's most populous and most industrialised State. About 36 per cent of Australia's population lives there and nearly 39 per cent of Australian turnover in manufactures is produced there.

But it still offers many manufacturing opportunities. Perhaps you could very profitably manufacture there, or form some kind of licensing deal with a proven local company.

For industries ready to locate in New South Wales' fast developing, non-metropolitan areas there are Government loans to buy land and build factories, rail freight concessions and more, available through the Department of Decentralisation and Development.

Write on your company letterhead for a free copy of "NEW SOUTH WALES — A HANDBOOK FOR INDUSTRIALISTS" a comprehensive survey of economic and industrial potential in Australia's leading State.



## Locally, contact:

The Agent General for New South Wales,  
66 The Strand, LONDON WC2N 5LZ, United Kingdom.  
Telephone: (01) 839 6651

## or write to:

The Director, Department of Decentralisation and Development,  
127 Macquarie Street, Sydney, N.S.W., Australia, 2000  
Cables: "DIDO"

JMC-A08/5000

## COMPAGNIE FRANCAISE DE L'AFRIQUE OCCIDENTALE

The Ordinary General Meeting was held on Wednesday, 11th June, 1975, at the registered office in Marseille, under the Chairmanship of Mr. Jacques Mullier.

774,889 shares out of a total of 1,300,000 were represented.

The net profit for the trading period ended 31st December 1974, which, exceptionally, covered 20 months, amounts to Frs. 33,910,586.01. These results calculated on the basis of a 12-month period, show a progression of 14.6% on the previous year.

The Meeting declared a net dividend of Frs. 22 per share, plus a tax credit of Frs. 11, giving a total of Frs. 33 per share. An interim dividend of Frs. 12.20, plus a tax credit of Frs. 6.10, having been made payable on 4th November 1974, there remains to receive a final dividend of Frs. 9.80 per share, plus a tax credit of Frs. 4.90. The final dividend will be payable as from 30th June 1975.

The report of the Board of Directors shows that the consolidated turnover of the Group for the 12 months of 1974 amounted to Frs. 3.9bn., an increase of 36% on the previous trading period of 12 months ended 30th April 1973. A percentage of 64% of the turnover was produced in Africa and 36% in Europe.

The important change in structure of the Group commenced in 1973, whereby the African branches were converted into locally registered companies is now completed. Thus the role of the Company has become that of a holding organisation.

The Chairman, Mr. Jacques Mullier, stated in his report that the overall picture of the business of the Group was satisfactory and that favourable results for the current 1975 trading period were anticipated.

The Meeting of the Board of Directors, which was held following the General Meeting, fixed 8th September 1975 as the date on which to commence allocation of the 240,000 scrip issue shares corresponding to the increase in capital as decided on 9th April 1975.

It is recalled that the allocation will be made on the basis of one new free share for every five held. The new shares will be quoted on the Paris Stock Exchange as from 8th September 1975.

### Hull Opportunities for office relocation

Large-scale redevelopment projects in the City of Hull are providing 200,000 square feet of NEW office accommodation in prime central area locations at around £1.75 to £2.00 per square foot.

And you get more than low-cost office space in Hull. You get a base in Humberside's principal industrial, business and communications centre, and a foot in Britain's Gateway to Europe.

Get the facts about Hull at our next seminar, Connaught Rooms, London, 17th July.

Ian R. Holden, Director of Industrial Development, Kingston upon Hull City Council.

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## MPs press for early statement on salaries

THE LEADER of the House, Mr. Edward Short, was pressed in the Commons yesterday for an early statement on the Boyle report on MPs' salaries and conditions.

Labour MP Mr. Eric Agden (Liverpool, West Derby) accused him of "being no more helpful than the old coalmine owners were to miners in the old days."

Mr. David Steel (Lib. Roxburgh, Selkirk and Peebles) suggested that "under present economic circumstances, the Government might be justified in not granting the full award given in the report. The report was long overdue."

Mr. Norman Tebbit (C. Chingford) said that publication of the report was not only a matter of interest to the Commons but to the public at large.

Mr. Michael English (Lab. Nottingham W.) suggested that if the Government was embarrassed by its negotiations, it could publish his report "and allow us and our constituents to consider it and what its recommendations mean."

Mr. Short said he understood the concern about this. "The Prime Minister received the report ten days ago and it will be published eventually."

Answering Mr. English, he said: "It's not a case of being embarrassed. The report is very complicated and the House will have time to consider it."

## Beira oil patrol ends

MR. JAMES CALLAGHAN, Foreign and Commonwealth Secretary, announced in the Commons yesterday that the oil blockade of Beira by the Royal Navy has been ended.

Mr. Callaghan said: "We have discontinued the Beira patrol which, for more than nine years, has been successful in preventing the pumping of oil through the pipeline from Beira to Southern Rhodesia."

With the independence of Mozambique, such patrols are no longer necessary to achieve that purpose.

## Credits still unclaimed

DESPITE EXTENSIVE publicity, some 2.4m. of the 17m. post-war credits originally credited, still remain unclaimed.

This was disclosed in the Commons yesterday by Mr. Denis Davies, Treasury Minister of State who told Mr. John Pardue (Lib. North Cornwall) he would be considering whether anything more could be done to increase the flow of claims.

# PM wants to build on TUC plan

THE TUC six-point economic plan was welcomed by the Prime Minister in the Commons yesterday.

Mr. Dennis Skinner (Lab. Bulsover) asked Mr. Wilson to tell the House "with that simple Yorkshire bluntness and directness for which he is famous, whether he agrees with it yes or no?"

Amid laughter, the Prime Minister replied: "Yes, sir, I greatly welcome the statement that was made yesterday."

"We will want to discuss it and build on it. It is extremely helpful and I am sure the whole House and the Opposition will welcome the matter to which Mr. Skinner in his blunt Derbyshire manner has drawn attention."

During later questions, Opposition Leader Mrs. Margaret Thatcher said heatedly: "The longer you take to deal with inflation, the higher unemployment will be in the end. The unemployment you get next year will be directly attributable to your indecision."

Mr. Wilson replied: "We have made it clear we are giving very urgent attention to these problems. I hope you will tell us how much you welcome the move by the TUC yesterday."

It was right to give time for the TUC to take "this important decision. We shall discuss this with them urgently and I believe that such a solution would carry widespread support."

Mr. David Steel (Lib. Roxburgh, Selkirk and Peebles) said it was unlikely anything could be done to improve the trading position or the currency slide before the Government brought forward promised economic proposals.

"Will you do it as soon as possible?"

Mr. Wilson said: "This matter must be pushed on with urgency. We have now got something very important on which to build which has not happened before, in relation to the TUC."

The former Conservative Prime Minister spent very many months talking with the TUC, but was not prepared to offer what was necessary to get the kind of offer we got yesterday."

"We want to build on this and I hope the House will be prepared to give long enough to the Government."

## Peers vote to recover brokers' commission as compensation

BY JOHN HUNT

CONSERVATIVE AND Labour backbenchers combined to inflict another defeat on the Government in the Lords last night by passing an amendment to the Policyholders Protection Bill, a measure which is designed to protect policyholders in the event of the collapse of an insurance company.

Labour peer Lord Peedie successfully amended the Bill so that it would provide for recovery of some commission paid by insurance companies which fall from the brokers who had placed the business. It was passed by 86 votes to 38, a majority of 48 against the Government.

This is the sixth Government defeat in the Lords this week. The earlier defeats were on the Bill which lifted the penalties on the Clay Cross councillors and the legislation which set up the Scottish Development Agency.

Two more of Lord Peedie's proposals, contained in a new clause and a new schedule to the Bill, were agreed without a division. They dealt with the details of the recovery of commission.

Lord Peedie said that his proposals were supported by the Life Offices Association and the trade unions in the industry.

Opposition spokesman Lord Aberdare supported the proposal. He said there had been instances where brokers might have made a considerable amount of money in commissions from a company which had failed. It would be inequitable if under the new Bill they were to escape scot free when it came to finding funds to compensate policyholders.

But for the Government Lord Winterbottom said the proposal would be to some degree unfair to intermediaries and, indirectly, even to policyholders. A large part of the commission received by an intermediary was for expenditure expended by them for their services. It would be unduly harsh to provide for the recovery of the way that Lord Peedie was proposing.

Later, Lord Winterbottom told the House that the Government had examined the circumstances in which the various powers in the Bill should be used. It had been agreed with the Policyholders' Protection Board that the power to make regulations would be exercised only after consultation with the Board.

The Board could not exercise its powers for the rescue of a company where it was considered that it would cost less to allow the company to go into liquidation.

The Bill was given an unopposed third reading and passed.

## State expects N. Sea oil deficit

MPs were yesterday given their first insight into Government costing of its proposed 51 per cent. share in North Sea oil.

The "cash flow deficit" next year is expected to be between £300m. and £500m., Energy Under Secretary Mr. John Smith, told a Commons Standing Committee.

He stressed the uncertainties of estimating future costs and prices, but said that total North Sea oil production in 1976 was expected to be about 20-25m. tons. That would give a gross revenue on present prices of about £800-£1,000m.

If the Government had achieved a 51 per cent. participation in commercially-proven fields, its gross revenue would be around £400-£500m.

From this gross revenue must be subtracted royalty and operating costs of perhaps £100m.

With the total capital expenditure for the North Sea running at about £1.5bn. a year, the

British National Oil Corporation's share next year assuming 51 per cent. participation would be about half.

The Government cash flow deficit was therefore expected to be between £300m. and £500m.

Mr. Smith said that compensation arrangements would vary from company to company. It would not be in the Government's interest to reveal its negotiating hand.

Bearing in mind the revenue of hundreds of millions of pounds, an appreciable allowance must be made for compensation.

Mr. Smith made his statement in response to repeated Conservative demands, led by "shadow" Energy Secretary Mr. Patrick Jenkin, for information on the

financial arrangements for the BNO.

Jenkin declared: "The stark unpalatable fact is that this Government is facing a short-term crisis of terrifying proportions. It is simple lunacy to add to these short-term problems by embarking on these extravagant proposals which can only make the solutions of these problems infinitely more difficult."

Mr. Joe Grimond (Lab. Orkney and Shetland) said it did not make sense to be greatly increasing the Government's borrowing requirements for a highly speculative venture in the North Sea.

THE GOVERNMENT has no immediate plans to introduce a £1 coin. This was made clear in the Commons yesterday when Mr. Paul Rose (Lab. Manchester Blackley) suggested that steps should be taken to put a £1 coin into circulation together with a re-designed 10p coin.

Mr. Robert Sheldon, Financial Secretary to the Treasury, told him: "The balance between notes and coin is reviewed from time to time, but I have no present intention of making a change."

Next week's business

MONDAY: Debate on the fishing industry; opposed private business.

TUESDAY, WEDNESDAY, THURSDAY: Industry Bill, rmz, szgs.

FRIDAY: Debate on EEC documents on Community budget and on aids to shipbuilding.

MONDAY (July 7): Private members' motions: Statutory Corporations (Financial Provisions) Bill, rmz, szgs.

AIR HANDLING, AIR POLLUTION CONTROL, COMFORT AND INDUSTRIAL VENTILATION  
INDUSTRIAL DRYERS, OTHER PRODUCTS, SYSTEMS AND SERVICES



## Fläkt Group of Sweden: Continuing its growth in air handling field

### Annual Report Highlights

(£ millions, except per share data)

Income Data	1974	1973
Sales	322.4	287.8
Earnings before special adjustments and taxes	18.2	17.8
Depreciation	4.0	3.8
Special adjustments	10.7	5.9
Taxes	4.6	4.5
Reported net earnings	2.9	5.3
Per share	3.21	6.31
Adjusted net earnings	7.8	8.3
Per share	8.68	9.83
Per share, including equity in Gadelius Group	9.90	—
Order backlog (Year-end)	409.1	339.5
Order backlog	385.4	308.6
Investments in property, plant and equipment	16.1	10.4
Employees	9,646	9,046
Dividend per share	3.06	3.06
Shares outstanding	900,000	840,000

For detailed Annual Report in English, write to: Fläkt Group, Box 20 040, S-104 60, Stockholm 20, Sweden

Orders booked in 1974 by the Fläkt Group of Sweden—an international leader in the fields of air handling and pollution control equipment—increased 20 percent and invoiced sales rose 12 percent. Details of the Group's operations are shown in the English edition of the Parent Company's annual report, currently being distributed throughout the world.

Group earnings before special adjustments and taxes were slightly higher than in 1973, despite unfavourable conditions in the construction industry and cost increases caused by inflation in many of Fläkt's markets.

Customers outside Sweden accounted for 74 percent of order bookings and 71 percent of invoicing.

During 1974 Fläkt strengthened its position in international markets through the acquisition of a 46 percent interest in the Gadelius Group, which represents Swedish and other large foreign companies in Japan and the Far East. The Gadelius Group had 1974 sales of \$139.6 million and earnings, before special adjustments and taxes, of \$6.2 million.

Fläkt Group sales are estimated to rise approximately 20 percent in 1975 and earnings, before special adjustments and taxes, are also expected to be higher.

**Fläkt**  
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## Ruling to-day on Scargill remarks

THE SPEAKER, Mr. Selwyn Lloyd will rule in the Commons to-day whether statements made by Mr. Arthur Scargill, president of the Yorkshire area of the NUM, amounting to a "toe-the-line or else..." ultimatum to the six Yorkshire Labour MPs sponsored by the union constitute a prima facie breach of Parliamentary privilege.

Mr. George Cunningham (Lab. Islington S and Finsbury), who raised the issue, said that Mr. Scargill's remarks appeared to be a prima facie breach of privilege and were based on a resolution passed by the Yorkshire area council of the NUM. He listed three main elements in the resolution:

1—No MP sponsored by the Yorkshire area of the NUM shall vote or speak against union policy on any issue which affects the coal mining industry.

2—No such member shall actively campaign or work against union policy on any other major issue.

3—if any such member refuses to agree to these guidelines or violates these guidelines, the area council shall withdraw sponsorship from that MP.

Mr. Cunningham said it had also been reported that the area council had stated: "We wish to make it clear that the Yorkshire area will no longer tolerate a situation where an MP accepts the privilege of sponsorship by the union and then demands the luxury of independence from union policies."

He recalled that the question of sponsorship of MPs was exhaustively examined in 1947 when sponsorship as such was by means condemned. Not was the termination of sponsorship by the sponsoring authorities.

But Mr. Cunningham emphasised that the 1947 report by the Committee of Privileges had clearly stated that it would be wrong to use the termination of sponsorship as a threat to an elected member in the proper discharge of his duties.

There were cheers from both sides of the House when Mr. Cunningham stressed that Mr. Joe Gormley, the national president of the NUM, was not only not associated with Mr. Scargill's remarks but had dissociated himself and the union nationally from them.

Extension of licensing study

THE GOVERNMENT is currently considering the extension of surveillance licensing to clothing, Mr. Gerald Kaufman, Under Secretary for Industry, told the Commons yesterday.

He also stated that the Department was examining whether there was a case for safeguarding action regarding imports of woollen suits.

No plans for £1 coin

THE GOVERNMENT has no immediate plans to introduce a £1 coin. This was made clear in the Commons yesterday when Mr. Paul Rose (Lab. Manchester Blackley) suggested that steps should be taken to put a £1 coin into circulation together with a re-designed 10p coin.

Mr. Robert Sheldon, Financial Secretary to the Treasury, told him: "The balance between notes and coin is reviewed from time to time, but I have no present intention of making a change."

We don't keep detainees as hostages, says Rees

NORTHERN IRELAND Secretary, Mr. Mervyn Rees, said in the Commons yesterday that he was not in business to keep people in detention as hostages for something that might happen outside.

He was replying to an Opposition spokesman, Mr. John Bigger (Lab. Epping Forest), who said that the release of eight detainees after an admitted IRA bombing had occasioned some anxious surprise.

Mr. Rees said he must deal with detention on the merits of the case and the nature of detention must be understood. Last year while campaign of the IRA was still on, the commission released 87 people because they were carrying out the law.

Mr. Rees said that the Government's policy on detention was activity, and he hoped the ceasefire to the level and nature of violence prevailing. Since the December 22, 1974, the date of different nature—intermediate, the original ceasefire by the Provisional IRA, he had "it is most important to stop the growth of this other sort of violence which is balanced more on the Loyalist side than on the would depend on the situation as it developed."

"I have to take into account the fact that people who are released may well go back to violence. I have to take into account the existing situation in deciding on the speed of release."

The Rev. Ian Paisley (UUU North Antrim) said that Government incident centres were giving the Provisional IRA a standing in the community to which they were not entitled.

Mr. Rees replied: "I am sure these centres have played a part in preventing misunderstandings. There were cases where people jumped to conclusions and decided which group had IRA bombing or a bombing or a murder."

He said that the IRA ceasefire had brought a "very marked reduction" in Provisional IRA activity, and he hoped the ceasefire to the level and nature of violence prevailing. Since the December 22, 1974, the date of different nature—intermediate, the original ceasefire by the Provisional IRA, he had "it is most important to stop the growth of this other sort of violence which is balanced more on the Loyalist side than on the would depend on the situation as it developed."

## THE THROGMORTON TRUST LIMITED Interim Revenue Statement

The Board of Directors have pleasure in announcing the unaudited Revenue figures of the Company for the six months ended 31st May, 1975.

	Six months to 31.5.75	Six months to 31.5.74	Year ended 30.11.74
GROSS REVENUE	£1,514,533	£1,835,231	£3,374,778
Less: Administration and interest	391,649	568,778	1,032,860
	1,122,886	1,066,453	2,346,916
Less: Taxation	396,991	349,730	792,052
	725,895	716,723	1,554,864
Unappropriated revenue brought forward	790,293	576,127	576,127
AVAILABLE FOR DISTRIBUTION	1,521,190	1,292,850	2,130,991
Less: Preference dividend	36,062	36,760	76,125
AVAILABLE FOR ORDINARY DIVIDEND	£1,485,128	£1,256,100	£2,054,866
EARNINGS PER SHARE	1.86p	1.82p	3.97p
ORDINARY DIVIDENDS			
Interim 5.0% (1974-5.0%)	465,805	465,805	465,805
Final — (1974-9.25%)	—	—	361,739
	£465,805	£465,805	£1,327,544
Unappropriated revenue carried forward	£1,019,323	£790,293	£727,322
NET ASSET VALUE PER SHARE	48.87p	58.59p	35.74p

N.B.—1. The net asset value allows for full conversion of the 8½% Convertible Unsecured Loan Stock and values prior charges at middle market price.

2. At a meeting of the Board of Directors held June 25 it was resolved that an interim dividend of 5.0% (1974-5.0%) be paid on 8th August, 1975 in respect of the year to 30th November, 1975, to shareholders on the register as at 18th July, 1975.

## Legal



## Honest



## Decent



## Truthful



As a consumer, you've a right to expect that advertisements meet four basic standards.

They should be legal. They should be decent. They should be honest. They should be truthful.

We're the Advertising Standards Authority, an independent body set up by the industry to see that advertisements don't break our Code: the British Code of Advertising Practice.

This Code has been agreed by all sides of the industry. And it demands that every advertisement meets these four basic standards. In spirit as well as letter.

When we come across an advertisement which we think breaks the Code—or when you complain to us—we investigate.

If we find the Code has been broken, we act.

Usually this means the advertisement is changed. Sometimes, it means it is scrapped.

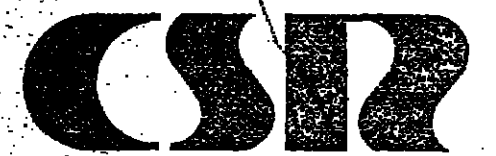
We'd like you to get to know the Code. Your local reference library or Consumer Advice Centre should have one; alternatively, print your name and address on a postcard and we'll send you the main points free.

Then if you see a press, poster, cinema or direct mail advertisement which you believe breaks it, post us a clipping or as many details as you can.

Remember: it's our job to protect your interests. So it's in your interest to help.

## The Advertising Standards Authority

The Advertising Standards Authority, Limited, 154-7 Ridgmont Street, London WC1E 7AW



## CSR Limited. The second largest Australian owned listed company.

CSR Limited, formerly The Colonial Sugar Refining Co. Limited, had its highest profit on record in the year ended 31st March 1975—\$436.8 million. (US\$49.3 million.)

CSR's main interests are:

### Sugar

CSR refines almost all of Australia's domestic sugar and makes about one-third of its raw sugar. The CSR Group refines and distributes all of New Zealand's refined sugar. In 1975 this means a production of about 760,000 tonnes of refined sugar (including New Zealand) and about 900,000 tonnes of raw sugar.

As agent for the Queensland Government, CSR markets all of Australia's exports of raw sugar—about 2 million tonnes.

### Building and construction materials

CSR is one of Australia's largest manufacturers of building and construction materials, making a wide range of wallboards, flooring materials, insulation products, and roofing materials. CSR also has substantial interests in the manufacture of cement and ready mixed concrete.

### Mining

CSR subsidiary, Pilbara Iron Limited, has a 30% interest in the Mt. Newman iron ore project which has an annual capacity of 35 million tonnes of iron ore, soon to be 40 million tonnes.

Another subsidiary of CSR has a 30% interest in the Gove bauxite and alumina project. CSR also has interests in coal and copper. CSR has been in business since 1865. It is a strong and diversified company, well placed to take a leading position in Australia's future growth.

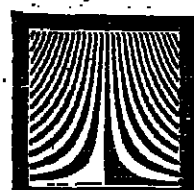
CSR 10 Cornhill Street, Sydney, Australia

\*Exchange rate: 28/6/75 \$A1 = US\$1.34









# The Technical Page

EDITED BY ARTHUR BENNETT AND TED SCHOETERS

## COMMUNICATIONS

### Fast connection with less noise

PRIVATE BRANCH automatic telephone exchange equipment (PABX) known as REX providing 100 to 1,000 extensions has been introduced by Reliance Systems of the CEC Group. Using sealed reed relays as the switching points the exchange has electronic control and can set up calls faster than conventional Strowger and crossbar systems. Operation is almost silent and the exchange requires far less floor space. High-speed push button telephone instruments are used for the extensions giving very rapid internal connections. When extension users make outside calls via the slower public network exchanges, REX stores the key number and then automatically sends it at Strowger speed.

Some 13 grades of service are available for application to specific extensions, ranging from executive right of way facilities down to simple extension-to-extension calls. The grade of an extension is changed by easy patch panel pin alterations. Extensions can be dial phones if desired.

The usual recall button facilities for incoming call transfer, or inquiry of another extension while holding the call, are provided.

Among the optional facilities available is EXW, an executive right of way, by which extensions designated "executive" can inject a tone into an

established connection to make the speaking parties aware of the need to terminate. Alternatively, the executive extension can clamp on to the wanted connection until disconnected. In both cases the wanted extension is rung when free and connected to the executive's instrument. Two other options are inter-BPX (ie lines) and group hunting in which an extension can "scan" five others until a free one is found.

Planned for the future are: metering of an extension's STD calls; short code dialling, which frequently used "long Northants (0933 5900).

STARSET is a micro-miniature electronic telephone receiver with built-in microphone which allows the user complete freedom of movement. Noise-cancelling characteristics improve telephone transmission and reception significantly and office or other background noises are almost eliminated.

It allows the user to carry on with desk or other work while conversing freely. Its extreme light weight of less than one ounce means day-long comfort for the wearer and the slender voice tube pivots universally and telescopes to conform to the wearer's profile.

Cutting heads are pre-set away from the machine—all have identical axial lengths so datum repeatability is assured. The range includes boring, back counter-boring and chamfering heads and special tooling for individual requirements as well as measuring and pre-setting fixtures.

The system is marketed in the U.K. by Birmingham Tool and Gauge Co., Unit 6, Gravelly Industrial Park, Erdington, Birmingham B24 8HY (021-328 1214)—a member of the Patent Industrial Group.

(much shorter than normal taper shanks) which permits tool removal after minimal slide (or spindle) retraction. The equipment comprises a toolholder with a choice of shanks. This has a short truncated cone register on which the cutter head locates on a bayonet fitting. It is locked by a single screw operating an eccentric.

Powered by a heavy duty air motor, the tool is designed for continuous operation at 20,000 rpm, driving an Erikson collet and accepting a wide range of proprietary cutters with 1 inch shanks. Adjustable guides allow setting for depth control and a roller form contour guide enables straight, curved or irregular shapes to be followed.

Weighing less than 2 lb, the tool may be used either vertically or horizontally.

Known as Model 421, it has a strapping cycle between three and four seconds depending on package size. In operation, a metal seal is slipped on to the strap, and the free end brought round to the seal to form a loop which is slipped loosely around the pack. The tool is engaged with the seal and the overlapping strap. The strap is pneumatically tensioned until stopped by the operator, when a second operation crimps the seal and cuts the strap.

Used in conjunction with the maker's strapping table, the tool bridges the gap between a conventional hand tool and a semi-automatic machine. The table has an overhead arm with a counter-balanced pulley from which the tool is suspended. It is pulled into position as required.

Application areas include data preparation and entry, management information, stock control systems, interactive and remote job entry terminals, data logging for process control and minicomputer and small business systems. DRI is at Hawthorne Road, Staines, Middx. TW18 3BJ (Staines 51388).

THAMES CASE, the Unilever-shoreboard packaging company, is to install a Datasab D15 minicomputer system at each of its Purfleet, Warrington, Abercrombie and Cumbernauld factories over the next two years. There is also an option to extend the system to include the new Thames Case factory at Northampton. The first machine will be installed at Purfleet this July.

The total value of this initial part of the contract is over £200,000 which includes the development of all the application software programs by Datasab.

Thames Case has decentralised production facilities to improve better customer service.

Advances in office technology, instruments, Intel, Fairchild, National Semiconductor, American Micro Systems, Motorola and

they are committed to read-only memory and time-saving in hardware debugging.

Users can execute every possible path in the program, and while doing so can examine and modify all internal CPU registers, status bits and other features often not accessible in hardware debugging due to the design of the chip.

These tools are now being made by BTR Footwear Division, Horninglow Road, Burton-on-Trent, Staffs. (0583 61611).

Typically, this allows for an output of 1000 or more parts a minute which is sufficient for example, to drive 20 operational amplifiers. There are 127 module choices, apart from custom-built units which the company will also undertake.

The unit known as Power-Pak can be supplied with or without load or line output regulation. They are short-circuit protected and have input/output isolation of up to 200 V.

Encapsulated in a metal case measuring 80 x 38 x 19mm, the modules are fully protected and shielded so that they can be located almost anywhere without space or electrical interference problems.

Denmark for Crosby, and is the only one in Britain that does automatic gluing. This results in joints having no end grain facing outwards which avoids possibility of water penetration.

Window frames are passed through the tunnel on a fully automatic conveyor system.

In the tunnel, a total of 56 nozzles strategically placed and angled on each side pump jets of primer over the windows, covering them completely and evenly, with no thin or uneven patches. The paint hits the windows in its full strength, without being atomised in the process. This coverage gives added protection to the windows during transportation and storage, and gives better weathering qualities to the finished product. The machine can cover six frames in six seconds.

Makers of the machine are the Eisemann Company of Stuttgart, West Germany. The machine stands 16 feet high and is 25 feet long.

The sash assembly line was specially designed and made in

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## PACKAGING

### Packs wood shavings into bags

A MACHINE has been developed which compresses wood shavings into a gusseted polythene sack to make a convenient weather-proof pack measuring 24 x 24 x 18 in. and weighing 25 kg.

Made by Prodac, 34 High Street, Thatcham, Berks. (0365 63205), it requires a ground space of 20 x 20 in. will operate from a 13A socket and is fed through a 24 in. wide chute. A four-ton hydraulic ram compresses the shavings into the sack, which is supported by a metal former. About 10 packs/hour can be produced depending on the sealing method chosen.

### Bridges strapping gap

FOR USE with 13 mm wide polypropylene strapping material, with a breaking strength of 36 to 291 kg, a pneumatically operated manual strapping tool, capable of tensioning and securing a strap around circular or irregularly shaped bundles and packages with girths of 30 mm upwards, has been introduced by Pakseal Industries, Cordwallis Estate, Maidenhead, Berks. (0628 26581).

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## TEXTILES

### New method of baling

THE TRADITION in the textile trade is to handle fibres and waste—in bales. These have, for many years, been massive and hard to move without the aid of mechanical handling equipment.

Now a somewhat unusual approach has been taken in Lancashire where a new baling machine has been developed to provide the basis for a simpler and easier handling system.

The Hyndburn automatic baler (marketed through Bleeding Specialists, Wigan Street, Thornton Road, Bradford BD1 2HX, 0274-34607) produces bales from 10 to 13 kg (22-28 lb) weight at a rate of some 1,800 kg/hour, although the throughput will obviously depend on the type of material being handled.

The bales are very compact, being 30 x 20 x 14 inches and the density can be varied from 5 to 15 lbs per cubic foot. With the lower density weight bale, one is produced each 20 seconds, while

with the heavier type it is expected to produce one per minute. Although volume processed per hour remains essentially the same, the new machine differs from classical baling in that it is in the size of the bale, weight that any person can handle. It is easy for an operative to handle with ease. The first in lift a bale and place it on a truck for movement within the mill. But the machine is also much more fully automatic and can be fed already produced over 14m bales from an overhead hopper and without any troubles.

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It has an additional application in that it is an extremely quiet running machine, in contrast to the noisy operation of many other baling systems.

In the Lancashire mill where the Hyndburn baler was developed it has been used for compacting prebaled fibres (say cellulosic with synthetic) which are then given a subsequent blending to produce an intimate mix.

## DATA PROCESSING

### Versatile printer

PROVIDING simplicity in operation and maintenance, the 6330 matrix printer from Data Recording Instrument Company prints 132 columns, operates at speeds up to 150 characters/sec and is for use with single or multi-part computer fanfold stationery between five and 15 inches wide.

Programmed instructions stored in a read-only memory are executed by a micro-processor so that printing can take place bi-directionally, minimising the need for fast carriage return action. The unit can also accept data while printing is in progress.

When in stand-by mode no part of the machine is in motion. The use of independent motors for paper, ribbon and carriage movements eliminates mechanical linkages and the avoidance of unnecessary moving parts gives good reliability.

Application areas include data preparation and entry, management information, stock control systems, interactive and remote job entry terminals, data logging for process control and minicomputer and small business systems. DRI is at Hawthorne Road, Staines, Middx. TW18 3BJ (Staines 51388).

### Finds and copies the right image

A MICROFILM retrieval and print-out system called Selextion has been introduced by GAF (Great Britain), P.O. Box 70, Blackthorne Road, Colnbrook, Slough, Bucks (Colnbrook 4567). Able to deal with 16 mm

double-ended cassettes or reel-to-reel 35 mm film, the machine has a high degree of autonomy. The 20x magnification and projects an image on to a 15 x 15 inch integral screen. Cassettes may be placed in the unit with the film at any position.

The frame number in question is keyed into the machine and provide it with a reference and then on any other keypads number of frames to be processed associated frame in about 25-seconds. A numeric display is provided.

Electrostatic copies of the chosen frame up to 15 x 10 inches can be obtained by depressing a key.

The standard 16 mm cassette measures 11 x 4 x 1 inches, and contains 100 feet of film on which up to 2,500 A4 documents or 8,000 cheque size images can be recorded. The 35 mm version records up to 6,000 engineering or other drawings. Other features include over-run protection, rotation of the image from cine to "comic" mode, and variable speed manual search.

### Processing on the spot

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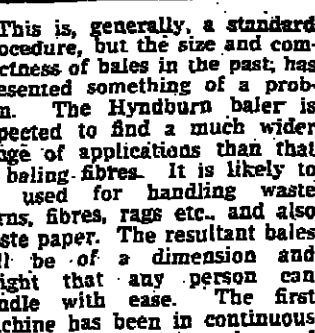
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### Fire pump for North Sea rigs

A DIESEL powered pump set for fire-fighting applications on North Sea oil platforms has been designed by FMC Corp. (U.K.), Ferry Lane, Brentford, Middx. TW8 9AL (01-560 3822).

Called the 16M-5 stage unit, it is believed to be the first pump with a vertically mounted diesel engine, a configuration chosen to minimise deck space required—it occupies 50 per cent less than a horizontal unit.

Two are being built for use on the Occident Petroleum field. Consulting engineers for the project were Bechtel International, Houston, Texas, distributor of General Motors Diesels, was responsible for converting the 12-cylinder engine for this application and mounting it vertically. This engine was selected to give sufficient power to meet the NFPA requirement of 20 per cent over the maximum hp of the pump. It produces 413 shaft hp at 1,800 rpm.

The pump, based on the Peerless vertical turbine design, has a capacity of 2,500 gpm (U.S.), while maintaining a pressure of 130 psi at platform deck level. The type of pump gives high flow throughput with minimum diameter, allowing the stilling tube to be of minimum proportions, a feature with structural and cost advantages. The pump is of Ni-Resist to prevent seawater corrosion, and the shaft, strainer and column bolting are of Monel.

Lubrication of the pump bearings is by the pumped liquid (seawater). In the initial stages the bearings (mica or carbon filled Teflon) are capable of dry running.

### Better boot for firemen

LESS WEIGHT and improved means to slipping have been among the considerations taken into account in the design of a safety boot for firemen and others likely to be involved in similar hazardous occupations.

The boot has a steel safety toe cap, a 10 x 10 x 10 in. sole, and a heel made from microcellular rubber and are reinforced with a steel plate to protect the front of the foot behind the toe cap and by sponge pads to protect the ankle area.

These boots are now being made by BTR Footwear Division, Horninglow Road, Burton-on-Trent, Staffs. (0583 61611).

## POWER

### Converters for many purposes

ALMOST ANY permutation of positive or negative dc output voltage between five and 15 can be obtained with a range of dc to dc converters introduced by Ancom, Devonshire Street, Cheltenham, Glos. (0242 53861). There are seven standard input options between five and 28 V dc. All the modules have a basic power rating of three watts.

### PROCESSING

### Paint coat blasted into wood

MASS PRODUCTION poses a number of pre-requisites, not the least of which is space to move manufacturing lines into the best possible shape.

Crosby and Co. now in full production of timber windows at its plant, look over the Gloucester Motor adverse unit and turned it into the most advanced window factory in Britain.

A massive paint machine, which applies the primer to the windows, is the only one of its kind in Britain. Other makers dip the windows or use other processes.

This machine applies flood coating in the process, the windows, suspended in mid air, are swung into a tunnel and saturated with paint sprayed from each side in powerful jets to give a more even, solid finish and longer life.

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used to secure loads ranging from bricks to shrink wrapped cartons. The loaded pallet is placed on a turntable, a polythene sheet, from 18 inches wrapped up to six times round the load and pallet, heat sealed, and cut. By putting a sheet of film over the load before wrapping added protection is provided.

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## WIMBLEDON TENNIS

BY JOHN BARRETT

## Connors overwhelms Cox

ON ANOTHER scorching day they came in their thousands, making their pilgrimage to the Mecca of tennis. By four o'clock it was estimated that the queues forming outside the ground would have a two-hour wait ahead of them, while several inside were overcome by the heat.

On the centre court the temperature of Jimmy Connors' dynamic game matches the temperature of the afternoon. Playing against Britain's No. 1, Mark Cox, the reigning champion was in red-hot form.

## New status

Cox nowadays has a new status in the world game as a finalist in the WCT circuit in Dallas last May. He is fitter, faster and more confident than ever before. With a new belief in his ability born of some punishing practice sessions with the Australian Rod Laver in Las Vegas recently, Cox must have given himself a chance of winning yesterday.

However, the champion was ready to dispute any threat to his supremacy and broke Cox early on—in the third game of the first set and again in the third game of the second. That was all the advantage he needed for he was now into top gear and mixing tough shots with the power as he demonstrated with some telling lobs, many struck with top spin, that stranded the Briton in the forecourt.

Having lost the opening set 6-4 and suffered a cruel net cord against him that dropped dead, Cox became very agitated. He even thumped the net with his racket to indicate that it was not tight enough. Never once to miss a trick, Connors touched the net affectionately while Cox replied by giving the net a turn or two.

Connors measured his victory 6-4, 6-2, 6-2 and as usual it was funded on punishing returns of service. Cox was even forced to stay back on his second service in fear of being passed and the problem of dealing with Connors in this mood became acute when his few rallies from the base line ended inevitably with a Connors winner. Obviously, the champion seems to be hitting the ball as hard as he did last year and it is astonishing how few errors he

makes, even without much con-trolling spin, when he is in full flow.

The nightmare for the server is to hit a first volley at all for the return is back at his feet around the service line travelling at a million miles an hour. At times the Connors projectiles seem to defy the laws of ballistics.

In fact to force a weak return from the champion, Cox needed to serve in a very high percentage of first deliveries, and keep them deep, a task which on the day he was unable to achieve.

The opening match on Court 1 involved the No. 8 seed, Raul Ramirez (Mexico), against the Italian No. 1 Adriano Panatta, who had come, like Barazzutti, who was Rosewall's victim on Tuesday, hotfoot from Paris after narrowly failing to beat France in the Davis Cup match.

Panatta, in fact, had lost both singles in that match, which in itself must have sapped his confidence, and the fact that he had had no chance to practise on grass suggested that he would be polished off without delay.

However, as it turned out, he had every chance to win. Even in the first set, which he lost 6-4, on one lost service game in the third game, he held two points to break back as Ramirez served for the set leading 3-4.

On each occasion he failed to get the ball into court and this really was the story of the match. Time and again he would create chances with some beautiful play, full of artistic touches, only to squander the leads with careless errors.

## Rocklike

Ramirez, by contrast, was rock-like on the big points—an attribute which we have seen in him before—even on unfamiliar grass as when he finished in third position in the Commercial Union Masters tournament in Melbourne last December.

If there was one shot which won the match for the Mexican it was the lob, which, on at least seven occasions, forced Panatta to make weak returns to the centre of the court that could be hit away into the openings. The 5-2 lead that Panatta created in the second set was eroded as Ramirez won five successive games to take the set in just 42

minutes. By then they had been at it for an hour and 12 minutes and instead of Panatta having prospects of a win equally as impressive as his victory on Wednesday against the Egyptian, Ismail El Shafel, here he was two sets behind.

Even then he created a chance to win the third set by breaking serve in the eighth game. But as before, his service at 5-3 was surrendered as Ramirez chased amazing retrieves in the same rally to bring him to break point. A forced error from Panatta duly let the Mexican back into the set in the eighth game. But as before, his service at 5-3 was surrendered as Ramirez chased amazing retrieves in the same rally to bring him to break point.

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In a championship like this one of the secrets of success lies in timing one's effort so that a player arrives in peak form at exactly the right moment. Ashe, who has made no secret of his intention to add the Wimbledon title to his WCT crown, which he won in May, has prepared better than most with tournaments at Beckenham which he won, and Nottingham, to give him the vital match-play on grass courts that all the competitors here ideally would have liked.

Whether Ashe will maintain this form with the sterner tests that lie ahead against Marty Riesen or Bjorn Borg, the 13th and third seeds respectively, remains to be seen. However, a lot of money has gone through the hands of the betting tent here to say that he will.

For a moment or two it seemed that we might have another of those sensations that have been a feature of this year's Wimbledon. Out on court 3 Borg had

against Jaime Fillol of Chile that every player dreads. He failed to win a single game in the opening set. But, thereafter, he fought his way back into the match with an enthusiasm that was totally lacking from his game here last year.

Making good use of his violent top spin shots, especially on return of serve, he began to produce errors from Fillol who was volleying from well below the all over the court making three amazing retrieves in the same rally to bring him to break point. A forced error from Panatta duly let the Mexican back into the set in the eighth game.

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B. ELLIOTT &amp; CO. LTD

Mr. J. Frye, C.B.E.,  
Chairman, reports

## Results and final dividend for the year ended 31st March 1975

	31.3.75	31.3.74
Gross Sales	£'000 50,375	£'000 36,248
External Sales	45,863	33,436
Profit before tax	4,296	2,326
Tax	2,058	1,151
Profit after tax	2,238	1,175
Minority interests	583	350
Group profit for the year	1,655	825
Earnings per 25p share	16.96p	8.38p
Dividends per 25p share	3.625p	3.343p

## RESULTS

Further growth to record sales and profits. Expanding overseas markets and increased exports.

## FINANCIAL

Satisfactory liquidity to meet any increased investment by the engineering industry. Shareholders' funds have increased by £1,247,000.

## DIVIDEND

Final 1.95p per share, making 3.625p per share for the year.

## FUTURE

Expectations are for another good year though not matching last year's record achievement.

The Butler Machine Tool Co. Limited  
A member of the B. Elliott GroupRugby clubs  
to discuss  
league plan

NINETEEN LEADING Rugby clubs in England and Wales will meet in Bristol next month to discuss the formation of a league, following a suggestion by Mr. Alf Wyman, Coventry's match secretary.

The plan envisages a league of clubs situated within a 120-mile radius of Bristol. They will play 21 matches each season based on their current fixture list and the leading eight in the league table at the end of the season will then compete in a knock-out competition.

SE SWIMMING  
RACE

The Stock Exchange Swimming Club quarter-mile race held in the Serpentine was won by G. Berry of Lloyd and Burnell. P. Fairlie-Clarke of McNally Motors was second and Russell of De Zoete and Bevan third. The winning women were T. Galdes of Duff Stoop and Mrs. S. Berry of Redderwick Borthwick was second.

GLASGOW TO BUILD  
SWIMMING POOLS

Two new swimming pools costing about £300,000 are to be built for Glasgow District Council. Morrison Dumbas has won a £245,385 contract to build one at the pool at Drumchapel and the other at Castlemilk district has gone to the CWS. At a cost of £248,345.

## BANK RETURN

Wednesday, Inc. 1st or 2nd June 27 Dec. 1975	
BANKING DEPARTMENT	
LIABILITIES	
Capital	14,550,000
Public Deposits	83,178,820
Special Deposits	956,120,000
Bankers	350,076,035
Reserves & Other	443,657,801
Assets	1,803,625,796

ASSETS	
Advances & Other	1,756,437,238
Loans	287,282,161
Other	123,322,372
Notes	16,519,284
Cash	960,205
Assets	1,803,625,796

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Loans	1,756,437,238
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KLOCKNER-WERKE AG.,  
Duisburg, Germany  
(Iron and Steel, Engineering)

## STRONG WORLD STEEL MARKETS IMPROVE PAST YEAR'S RESULTS

The Annual General Meeting of KLOCKNER-WERKE AG. was held in Duisburg on May 6, 1975, and the following are details of the report presented by the Board of Management.

## Review

The strong world demand for steel brought the German steel industry in the 1973/74 trading year above average growth in orders, production and sales, in contrast to the general world economic situation. In Germany, stagnating industrial production combined with a steep upturn in energy, raw material and labour costs adversely affected capital investment, an important element of the steel producers' home business. Especially marked throughout the 1973/74 business year was the fall in demand from the vehicle manufacturing and construction industries, two leading steel industry markets. German steel consumption, therefore, declined by about one per cent. between April and September 1974 compared with the previous year.

In 1973/74 the Federal Republic produced 52.7m. tons of crude steel, almost 10 per cent. more than in the preceding year. Of the total, 40 per cent. was exported compared with only some 25 per cent. five years previously, bringing with it a corresponding exposure to world market risks.

The growth achieved by KLOCKNER-WERKE in the output of pig iron, crude and rolled steel lay in 1973/74 above the German steel industry's average. With a 7.7 per cent. share, the company was Germany's fourth largest producer of rolled steel finished products. Although the increases in the cost of operating materials and in personnel expenditure were more than offset by the better yield of product sales, the company was faced for the first time with a full year's capital charges on the new large installations at Hütte Bremen. These continued to make progress towards full capacity production, but did not reach their potential, especially for flat rolled products. The section steel producing divisions utilised their capacity well, owing to the favourable market conditions. The associate companies Homburger Stahlwerke and Korf Engineering also operated successfully. KLOCKNER-WERKE is the world's only steel producer using direct reduction as well as the conventional coke burning method, enabling the company to assess costs in its particular advantages.

In the manufacturing sector the policy of diversification was continued in the year under review, centering on the machinery construction and plastics divisions.

## Turnover

External Group turnover, including the holdings in Homburger Stahlwerke GmbH and Korf Engineering GmbH, advanced in 1973/74 by more than 31 per cent. over the previous year, to DM 3,408m. The export share rose in the same period to 36.3 per cent. from 29.4 per cent. previously, reflecting the increase in trading volume and especially the better price levels prevailing in business with non-ECSC countries.

In the iron and steel sector, turnover grew by 38 per cent. and the export share went up to 42 per cent. from 25 per cent. in 1972/73. The share of iron and steel in total external turnover climbed to almost 66 per cent. from about 63 per cent., mainly reflecting the beginning of the production upturn of the new facilities at Hütte Bremen and the strong world steel market.

The manufacturing sector stepped up sales by more than 20 per cent., with exports here too expanding faster than home sales.

## Steel

As a result of the good demand for steel products throughout the world, KLOCKNER-WERKE increased pig iron production in 1973/74 by 18.1 per cent. to 2,403,000 tons, that of crude steel by 14.9 per cent. to 3,838,000 tons and of rolled steel by 13.7 per cent. to 3,442,000 tons. The expansion in output was mainly due to the increased capacity of the large steel works at Hütte Bremen, where the new wide strip hot rolling mill has already provided itself one of the world's most efficient.

For section steel, Georgsmarienhütte stepped up crude steel output by considerable productivity improvements in the open hearth steel works. An occasional shortage of crude steel was alleviated by the KY-experimental steel works; in the year under review about 18,000 tons of crude steel was produced by the KY smelting process developed jointly by KLOCKNER with Youngman. The share of special steels in crude steel production at Georgsmarienhütte rose to 22.1 per cent. from 17.2 per cent.

The Haspe works also experienced temporary difficulties over the supply of semis from Australia, so that for a time, operation of its rolling mill had to be adapted to their availability.

The lively demand for steel in international markets had a varied effect on the different product sectors. Demand centred on hot rolled wide strip and heavy plate, especially of qualities suitable for direct further processing. Thus, Hütte Bremen increased shipments of hot rolled wide strip by 62.2 per cent. over the previous year and those of heavy plate by 32.1 per cent. Orders for sheet, on the other hand, were hit by the worldwide slump in the motor car industry, although Bremen almost maintained deliveries at the previous year's level. In line with hot rolled wide strip and heavy plate, demand for rolled steel in non-ECSC markets, rolled steel export deliveries for these countries were 39 per cent. up on the previous year. The overall increase of 24.8 per cent. in deliveries of flat products was limited only by the start-up capacity of the new production facilities.

Georgsmarienhütte delivered 27 per cent. more alloy steel bars than in the previous year, mostly for export, based on the availability of some 12,500 tons of crude steel per month produced by the new electric furnace at the Osmabrück works. Shipments of permanent way steel rose by another 9 per cent. over the previous year, reflecting in part the expansion of rail transport in consequence of the energy crisis.

After the completion of the start-up phase, the KLOCKNER-WERKE associate Homburger Stahlwerke recorded satisfactory increases in all sectors. The company demonstrated once more the cost advantages of using direct reduced iron for steel production in electric furnaces in place of expensive scrap, the same process also enabling higher quality steels to be made.

Korf Engineering, in which KLOCKNER-WERKE has had a holding since the beginning of 1973, did satisfactory business in selling machine tools and special steels in crude steel production at Georgsmarienhütte rose to 22.1 per cent. from 17.2 per cent.

The ore handling subsidiary Weserport, Bremerhaven, reached during the trading year an annual discharge rate of some 4.3m. tons of ores from ocean-going vessels, the highest figure of its 10 years of operations.

## Manufacturing Activities

In the engineering sector, demand again improved for the products of the Osmabrück works with the order flow rising by 20 per cent. in volume and by 33 per cent. in value. Deliveries went up by 7 per cent. over the previous year. Forgings were in good demand reflecting the boom conditions in the energy sector.

BALANCE SHEET AT SEPTEMBER 30, 1974	
LIABILITIES	ASSETS
I. Share Capital	DM 347,000,000
II. General Reserve Fund	DM 556,733,816
(1) Statutory Reserve	19,507,240
(2) Voluntary Reserve	239,507,240
III. Appropriation to Reserves under section 7 of the Income Tax Law	65,426,631
IV. Peter Klockner Trust	1,000,000
V. Adjustments on Current Assets	5,258,068
VI. Special Reserve	
(1) Patents	169,000,000
(2) Other	3,661,000
(3) Others	156,336,407
VII. Loans with terms of 4 years or more	259,018,407
VIII. Other creditors	874,325,857
(1) Goods and Services rendered	337,423,947
(2) Bills of exchange	73,172,371
(3) Banks	79,882,112
(4) Payments received	32,778,700
(5) Advances from Participants	64,912,827
(6) Miscellaneous	94,280,156
IX. Profit	697,478,902
	21,266,941
	2,999,683,008
EXPENDITURE	
1. Labour Costs	DM 1,045,737,428
2. Depreciation and Value Adjustment	DM 1,045,737,428
(A) Physical Assets and Intangibles	1,045,737,428
(B) Financial Assets and Intangibles	1,045,737,428
(1) Land and Buildings	1,045,737,428
(2) Plant and Machinery	1,045,737,428
(3) Plant under Construction and preparation	1,045,737,428
(4) Financial	1,045,737,428
(1) Participations	1,045,737,428
(2) Loans with a term of 4 years or more	1,045,737,428
(3) Depreciation and value adjustment	1,045,737,428
III. Current Assets	1,045,737,428
(A) Stocks	1,045,737,428
(1) Materials	1,045,737,428
(2) Finished and Semi-Finished products	1,045,737,428
(3) Other Current Assets	1,045,737,428
(1) Advance Payments made	1,045,737,428
(2) Goods and services supplied	1,045,737,428
(3) Bills of exchange	1,045,737,428
(4) Cheques	1,045,737,428
(5) Cash and Bank Balances	1,045,737,428
(6) Securities	1,045,737,428
(7) Claims on Associated Companies	1,045,737,428
(8) Miscellaneous	1,045,737,428
III. Transitory Items	1,045,737,428
Profit brought forward	1,045,737,428
Profit for the year	1,045,737,428
Profit for the year	1,045,737,428



## APPOINTMENTS

## Managing Director

for a group of subsidiaries in general and precision engineering with a turnover in excess of £5 million. The companies form a profitable division offering potential for profitable growth within a holding group based in Sheffield.

- **RESPONSIBILITY** is to the Group Chief Executive for the continued expansion of the division in both UK and overseas markets. Success will lead to the main board.
- **CREATIVE** achievement in the general management of an engineering company is a prime requirement. This must be backed by a degree or professional qualification in mechanical engineering.
- **REMUNERATION** is negotiable around £10,000 with profit share. Age late 30s early 40s.

Write in complete confidence  
to P. T. Prentice as adviser to the group.

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Applications are invited from candidates with suitable background and experience and terms and conditions are negotiable accordingly.  
Please reply to Box A.5108, Financial Times, 10, Cannon Street, EC4P 4BY.

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## APPOINTMENT OF ACCOUNTANT

A Chartered, Certified or Cost Accountant required to head the Finance Section of the Institute. A knowledge of machine accounting desirable and costing experience essential.

Salary £4,900-£5,900

Non-contributory superannuation scheme.

Further details and application form from the  
Establishments Officer, NIAB,  
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## COMPANY NOTICES

## BLUMEL BROS. LIMITED

NOTICE IS HEREBY GIVEN that the Share Transfer Register will be closed from 27th July 1975 to 14th July 1975, both dates inclusive.

By Order of the Board,  
J. E. CARPENTER, F.C.I.S., Secretary

## EIDAI CO. LTD.

Head Office: Kanagawa, Japan  
Branches: London, Hong Kong, etc.

Holders of the 7% per cent Convertible Bonds due 30th June 1975 are advised that the Share Transfer Register will be closed from 27th July 1975 to 14th July 1975, both dates inclusive.

By Order of the Board,  
S. G. WARBURG & CO. LTD., Secretary

## INGERSOLL GROUP LIMITED

NOTICE IS HEREBY GIVEN that the Share Transfer Register will be closed from 27th July 1975 to 14th July 1975, both dates inclusive.

By Order of the Board,  
G. E. YEAGAN, Secretary

## WATNEY MANN INTERNATIONAL

12,000,000 EUROPEAN Units of Account (EUA) 7 per cent Redeemable Bonds due 1984

Bank of America International, Luxembourg S.A. as Trustee for the above-mentioned Bonds announces that the 21st annual redemption instalment of £14,000,000 due 13th June 1975 has been purchased in the market so that a drawing by lot of Bonds to be redeemed on 13th June 1975 is not necessary. The amount of Bonds remaining outstanding after 13th June 1975 is: EUA 9,000,000.

A BANQUE INTERNATIONALE A LUXEMBOURG  
Société Anonyme

## BOND DRAWING

## ECUADOR 4 1/2% SALT LOAN

The Council of Foreign Bondholders announce that 52 Bonds (Certificates) each of U.S. \$50 nominal, totaling U.S. \$2,600 nominal have been drawn for redemption at par in U.S. dollars on 12th July 1975 after which date interest will cease. Further details may be obtained from the Council of Foreign Bondholders, 27th June 1975.

## PUBLIC NOTICES

## PLYMOUTH CORPORATION 6 1/2% Redeemable Stock 1975-76

NOTICE IS HEREBY GIVEN that interest on the above stock due 1st August 1975 will be payable to stockholders registered on 15th July 1975 on which date the balance for dividend will be struck.

## OXFORDSHIRE COUNTY COUNCIL

£6.25m BULB issue 25th June 1975, due 17th September 1975.

£21m issue 25th June 1975, due 17th September 1975.

Applications invited 25th June 1975.

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## NORTH SEA OIL REVIEW

BY ADRIAN HAMILTON

## In the hands of the Government

THE GOVERNMENT has virtually completed its preliminary round of discussions on detailed proposals for participation in North Sea fields.

More than a dozen companies have been seen, including those like Burmah which have agreed participation in principle, those like British Petroleum which have publicly announced their acceptance of the need for talk, and a number of other important ones like Amoco, Mobil, Occidental, Texas Eastern, Conoco, Gulf and possibly Texaco who have been called in "without prejudice". Although most of these have been seen as individual companies, there is some sign that the Government is willing to talk to consortia as groups and there are reports that members of the Occidental group (Occidental, Getty, Allied Chemicals and Thomson Scottish Associates), at least, have been seen to gether.

## Provisional

Despite recent statements by both Mr. Alastair Down of Burmah and Mr. Harold Lever of the Government that detailed negotiations are now in progress, however, the talks still appear to be very provisional—at official rather than ministerial level and without hard deadlines being imposed on the main participants.

So far, indeed, most companies appear to have seen the Government's paper setting out a theoretical example of how participation at no loss to the companies might be achieved, but not to have made any response to the Government. Most, too, appear to have raised questions about the calculations which the Department of Energy itself has yet to answer.

In this curious situation when the ball hovers uncertainly between both courts, two main questions have still to be answered. First, how responsive are the companies to the proposals in detail. Second, will they accept the basic concept

even if they object to some of the details, or will they feel the concept to be fundamentally unworkable quite apart from the details?

In an atmosphere where the new "open Government" policy of the Prime Minister in this case means an instruction to oil companies not to talk to the Press, the answer to both these questions is still somewhat vague. On the first, it does look as if the details of the participation proposals have turned out to be far less generous than the

Revenue Tax provisions) but also for an undefined amount as interest and a further x factor for the risk involved. This is hardly limited to the banker's return concept originally mentioned by the Government in the discussions. The result is some uncertainty in the industry as to whether it is simply a "try on" for negotiating purposes or something much more fundamental in the Government's thinking.

At the same time, companies also seem to be concerned about

volved is still a delicate point. The second major issue raised by the participation talks is whether the Government is now firmly committed to the basic concepts of repayment from the National Oil Account contained in the discussion paper, and whether the oil companies will accept them. For some companies, particularly the smaller independents, the answer would seem to be yes. But for other companies the answer could be no. One major, at least, is thought to have prepared coun-

some leverage, it has still to deal with the great mass of others that are yet to commit themselves. These are still studying the figures. As in the PRT negotiations earlier in the year, the really hard negotiations may only just be beginning and it may take some time to get them to the sticking point, even before the Government tackles the major "hold-out" groups, like Shell/Esso, which are currently standing aside.

Whether the same can be said of the other major political issue overhanging the U.K. North Sea—the Government's proposals for direct Departmental control, contained in the Petroleum and Submarine Pipelines Bill—is another question. Although the Bill has not raised much outside comment, there can be no doubt that many oil companies take a distinctly jaundiced view of some of its detailed proposals, particularly as they concern the rights of administrative direction on depletion and common-carrier pipelines as well as exploration investment.

## Objections

The U.K. Operators' Association, after a rash of meetings when the Bill was published, has put in some stiffly worded objections to it, as have individual companies and smaller groupings such as the British exploration groupings. The objections mainly centre on the lack of arbitration procedures and of limitations on the Minister's power to force companies to change the route of pipelines, the position of exploration wells, and the timing of development programmes. There is also concern at the lack of definition of the Government's depletion policy. So far, these objections appear to have been heard with a reasonable degree of sympathy by the officials of the Department and there are at least some signs that the Government may be prepared to accept concessions on these points.

The Committee Stage of the Bill in the Commons, however, has got hideously, and often futilely, bogged down in discussions on the British National Oil Corporation and there seems every possibility that the Bill, which may well not be passed until September or October, could be quashed by the Government (ironically by Mr. Wedgwood Benn, who got into enough trouble for doing this on the Industry Bill recently) before it gets down to these nitty-gritty points. Should this prove the case, then the industry will be left very much in the hands of the Government, and the views of Mr. Wedgwood Benn, as far as amendments, like possibly on the Third Reading, are concerned.



Mr. Harold Lever (left), economic adviser to the Prime Minister, and Mr. Alastair Down (right), chairman of Burmah Oil, have both said that detailed negotiations over participation are now in progress.

Flixborough  
'shows need  
of insurance  
rethink'

By Ray Dafter

THE INSURANCE market, which had to pay out an estimated £36m. fire and accident damage following the Flixborough chemical works explosion last year, should improve its rating system for chemical operations, according to a report published yesterday.

In the past, acceptance and ratings of risks in chemical plants have not been sufficiently technical and have "tended towards the rule of thumb," according to Dr. Harry Taylor, a director of Keith Shipton Development risk management consultants.

Dr. Taylor has prepared a report on the implications for management of the Flixborough disaster in which 28 people lost their lives. He points out that if the disaster had occurred on a week-day, instead of a Saturday, 300 people—including the management—could have been killed.

The insurance claim was the biggest of its kind to be faced by the insurance industry. "Insurers will have to improve their technical resources to enable adequate assessments to be made," says Dr. Taylor. "It is surely not good enough when the only protection capable of earning a significant premium reduction remains the sprinkler installation—even in areas where the main hazard is explosion and water could be dangerous."

## Average plant

"A rating system more attuned to risk could provide a potent incentive to better protective measures. The report points out that before the disaster the Flixborough complex was regarded by insurers as a "perfectly average petrochemical plant."

Inflation and material shortages also had profound implications for business interruption cover. As a result insurers needed to be constantly revised and the indemnity periods needed to be aligned with the supply situation.

The loss of the nylon 6 intermediate material—caprolactam—following the Nypro explosion has had repercussions on the trade of a large number of companies, it is pointed out.

The report ranges much wider than insurance considerations, however. It is emphasised that companies should pay meticulous attention to technical detail and that they should implement organised risk management control systems.

At the same time management should be aware of and prepared for the worst possible disaster that could overtake their company. Disaster planning should include procedures for dealing with varied problems, from the need for the fastest possible evacuation of personnel from the site to the restoration of production to reduce the possible loss of markets.

Flixborough—The Implications for Management; H. D. Taylor; Woodhead-Faulkner, 7 Rose Crescent, Cambridge; £1.50 plus 25p p. and p.

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67



## FINANCIAL TIMES REPORT

Friday June 27 1975

## BUSES AND COACHES

Despite a variety of trials and tribulations including rising fuel prices, inflation and manufacturing problems, Britain's bus and coach industry remains strong. There are a number of new developments under way, including work on an electric bus.

DESPITE THE impressive—and unique—history of large scale bus manufacturing and operations in Britain, there is a great deal of dissatisfaction in the industry to-day. The feeling ranges right across the range of activities, concentrating particularly on the supply situation, which attracts almost universal condemnation from the operators, to the public unhappiness with swinging fare increases and declining services, and criticism of the Government for its handling of grants and the fare price structure it has allowed to develop.

That all this should happen in the wake of the oil crisis is ironic. Many saw the rapid increases in oil prices last year as a watershed for the bus industry which, it was argued, would recover at the expense of the private car. In fact, of course, such historic changes take a long time to work through, even if the argument is soundly based. And in the meantime the industry has been faced with all the problems of acute inflation which the new oil prices have largely caused.

On the operational side, the country's (and probably the world's) largest concern, the 70,000-man National Bus Company, has suffered an extremely unhappy year. For the first time since it came into being, it made a loss, plunging from an operating surplus of £2.6m. in 1973 to a large deficit of £11.7m.

NBC is caught in something of a cleft stick, obliged by the terms of its establishment to break even, yet with its prices closely controlled in the current

climate, and running a number of unprofitable routes which, in terms of social need, no-one wants to see abandoned. Something will have to give if it is to live up to its legal money-making requirement: either fares will have to increase sharply again, or services be cut back, or more subsidies be introduced.

NBC's domination of the operational side of the industry is mirrored by British Leyland's enormous influence on the manufacturing front. Unlike NBC, the truck and bus division of BL, which runs bus manufacturing, is believed to have made reasonable profits (it does not publish separate accounts), but its chronic inability to supply either buses or spare parts on time over the last year have brought it in for a great deal of criticism.

## Monopoly

The problem has been particularly acute on the double decker side of its manufacturing, where BL has a virtual chassis-building monopoly with its two vehicles, the Atlantean and the Fleetline. Although much of the value of a bus or coach—often more than half—is in the body-work and interior, the chassis builder (BL puts together the basic chassis, suspension, engine and running gear) inevitably determines the flow of supply.

In the last few years its inability to meet the demands of the British market on time has provoked considerable antagonism among customers, and in addition many dislike the Atlantean and Fleetline design, which represented an attempt to standardise on rear-engined vehicles. The result has been a disturbing trickle of imports—disturbing because it could develop into a sizeable stream—plus a great deal of interest shown by some other major motor manufacturers in the possibility of going into chassis production, and a recent

extremely erratic. There are cases where the local authority has ordered buses, cancelled them because of budget cut-backs and then ordered them again: they cannot be surprised. In the Ryder Report on British Leyland this supply/demand problem is recognised. "We recommend . . . that the Department of Environment

orders of about 3,000. On single deckers it is in a better position to meet demand, with installed capacity of some 2,000 for the Leyland National, and about 1,000 for coaches. In the Ryder Report on British Leyland this supply/demand problem is recognised. "We recommend . . . that the Department of Environment

announcement from Dennis Motors of Guildford that it is starting on experimental manufacturing.

How this situation arose is a matter of intense argument in the industry. The operators accuse BL of fat-footedness, inflexibility and complacency in the light of its powerful market position. There is little doubt, either, that BL has suffered from strikes and low investment when a better performance on both fronts could have eased its problems.

But BL itself accuses the operators of inconsistency in their part. The ordering pattern of the local authorities—the seven Public Transport Executives, as they are now called—has, says BL, been

partly due to the introduction of one-man buses. When Leyland National was formed as a joint company half-owned by BL and half by the NBC, the industry was expecting an explosion in demand for one-man single deckers. At that time, the unions were refusing to operate double deckers. However, subsequently the unions gave way, agreeing to one-man operations on double deckers, and with this came a surge in demand for the larger buses. Since then, says BL, it has never been able to catch up with demand.

The position to-day is that the corporation only has an installed capacity of 2,800 double deckers a year, against

orders of about 3,000. On single deckers it is in a better position to meet demand, with installed capacity of some 2,000 for the Leyland National, and about 1,000 for coaches. In the Ryder Report on British Leyland this supply/demand problem is recognised. "We recommend . . . that the Department of Environment

are being built-up by Metro-Cammell Weymann in Birmingham to produce the Metropolitan bus, and the so-called Ailsa Volvos are being manufactured in Scotland. Recently Dennis Motors, the small Guildford-based special duty truck producer, announced its first moves into the double deck chassis business, and

should as a matter of urgency hold discussions with BL and the major U.K. bus operators to work out arrangements for better co-ordination between the bus operators and BL to phase orders and deliveries," it says. Ideally, of course, such talks would lead to a situation where both sides would be planning with a great deal of confidence in the future.

Whether this will be enough to stop the importers is another matter. As in heavy trucks, it is the Scandinavian producers who have made the initial breakthrough in the bus market, both Scania and Volvo sending over double decker chassis and running gear as the base for coachwork by British companies. The Scania units

have been followed by Foden's. These challenges to BL's double deck monopoly will clearly take some time to develop. Equally, however, they may be relatively permanent: Dennis Motors, for example, which has been revitalised since coming under the wing of the Hestair conglomerate, is aiming to develop a premium bus, using a German Voith three-speed automatic gear box with a sophisticated braking mechanism—brakes are one of the big maintenance problems of the bus business, and it is significant that some transport authorities have attacked BL for the number of hours its vehicles are off the road waiting for maintenance and spare parts.

London Transport, which has suffered to some extent from

the shortfall in BL supplies (it is still waiting for 230 of the 1,600 Fleetline buses it ordered in 1971), was one of the first local authorities to turn to foreign products. It has ordered 164 Metropolitans, mainly on an experimental basis to see how they live up to their claims on low noise levels.

In the meantime, it is continuing to discuss the new BL double decker model code named the B15. It has no plans to manufacture its own purpose-built vehicle at present (local authorities have done this in the past, and it remains a seductive dream among some transport managers), although a recent Act of Parliament gave it powers to do so.

In spite of these trials and tribulations, the British bus industry remains strong. It has developed very differently from its counterparts across the Channel, creating a range of vehicles with more robust characteristics suitable for both cheap domestic transport and for the third world which used to count as one of the major trading partners.

Exporting to developing countries remains a strong arm of the U.K. industry. Iran is a large market, with long-established assembly links with British Leyland—as with Mercedes, Europe's other major producer—and Iraq has also taken a number of double deckers this year. New York has even ordered eight modified Atlanteans to experiment as to their suitability for work in a large U.S. city.

On the single decker side, the

Leyland National has recovered from its teething troubles and is now finding a market inside the EEC countries, notably Holland, France and Germany. BL itself is working on an improved version of the National, paying particular attention to quality improvement and standards of comfort, which will help in sophisticated export markets. Inevitably, the European industry seems to be drawing closer together in terms of design concepts.

## Robust

In the meantime there are a number of new developments going on in the bus field in the wake of the oil crisis. One such is the electric bus, under experiment to-day by three European companies two in the U.K. and one in Germany.

Another, equally important issue is the impact of legislation. There is no doubt that this is getting tougher on questions of safety and the environment throughout Europe and the rest of the world. At the same time legislation will affect bus usage in the great conurbations: both in the U.S. and Europe, local authorities trying to cope with growing traffic problems are tending to legislate in favour of the bus, developing new bus lanes and restrictive parking in an attempt to control the private motorist. In terms of use this will inevitably mean that in the short to medium term buses have a bright future, even if finances continue to come under tight control by the public authorities.

## An unhappy year

By Terry Dodsworth

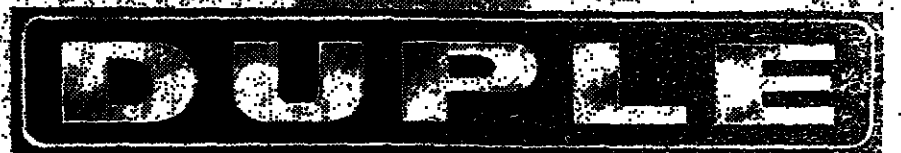
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## BUSES AND COACHES II

# Electric bus projects still experimental

ALTHOUGH research into elec-fossil fuels, and massive oil-tric vehicles has been going on since the winter of 1973/74 have all led to a been heightened recently by a stepping up of research and number of factors. Increased the appearance of an increasing emphasis on the evils of number of experimental road pollution, particularly in city vehicles around the world, centres; growing concern with if any electric vehicle—and the eventual exhaustion of that is a very big "if"—is to gain

a hold in a road transport length and timing of route, are clearly determined. Moreover, a great deal of thought also has to go into the infrastructural requirements—that is battery changing and recharging—which means that the urban bus is one of the few vehicles suitable for battery operation, although commercially the diesel bus remains a much more economical proposition. Thus the real future of the electric bus remains tied to movements in the oil price, related political and balance of payments considerations, the exhaustion of fossil fuels and environmental consciousness.

The most advanced and most ambitious urban bus experiment is currently taking place in Germany, where the GES consortium headed by Varta Batteries—under the aegis of the Rhine-Westphalia Electricity Authority—has provided a total of 13 buses operating in the cities of Mönchengladbach and Düsseldorf.

## Limitations

Despite advances in electronics, and somewhat slower developments in the field of battery technology, the limitations on electric powered vehicles are still severe. Lead/acid batteries remain the only viable means of power for the next five to ten years, although experiments with metal/air and high temperature batteries such as sodium/sulphur are continuing. Lead/acid batteries, which have been around for a long time, are limited in terms of the restricted range which they offer, their heavy weight and the time which it takes to recharge them.

These restrictions mean that they are only really suitable for vehicles whose uses, in terms of

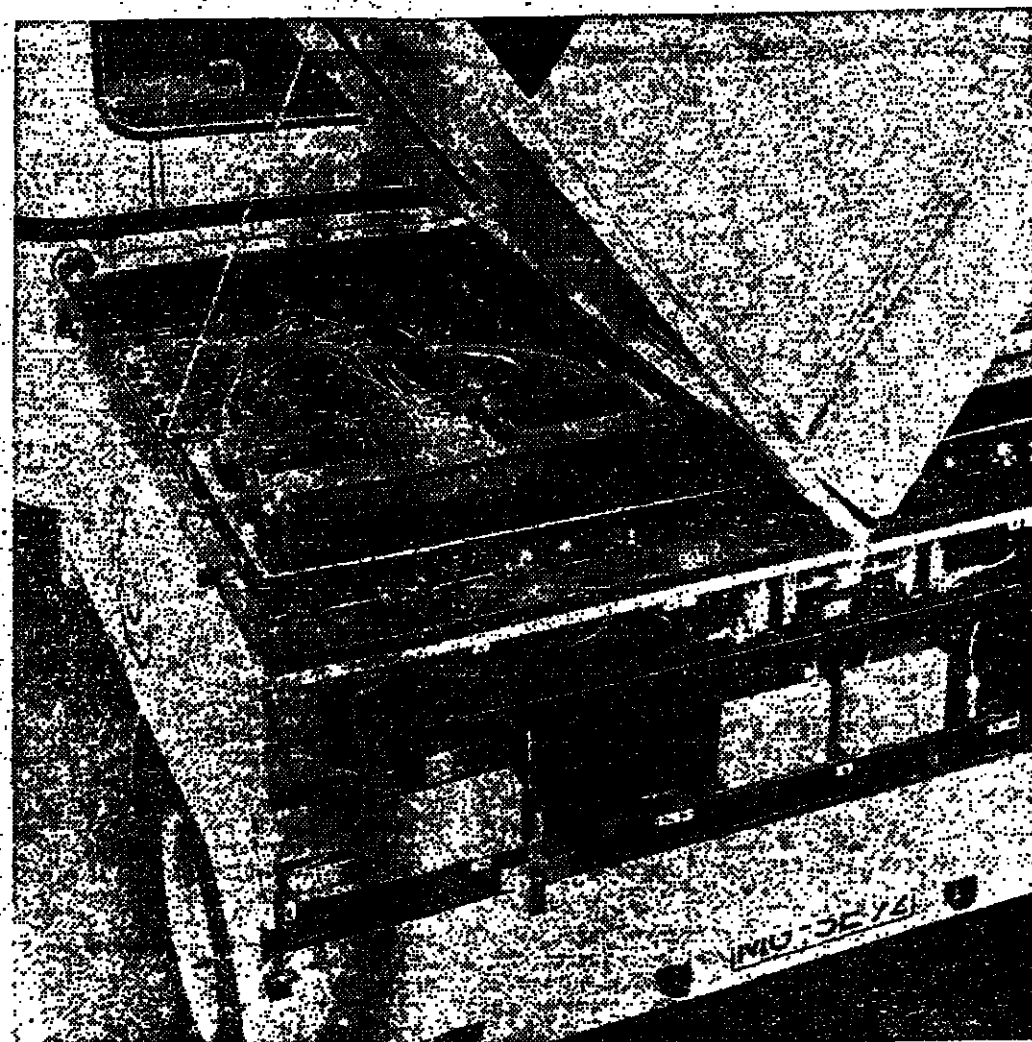
Manchester Transport Authority—has been very much a matter of the initiative of two companies, Chloride and Lucas. The Chloride Silent Rider, which has now been in operation in Manchester for around three months, received a great deal of publicity, but, in the event, the Lucas Midi-bus, which was introduced at the beginning of the year, was the first electric bus to come into passenger service in the U.K.

## Lightweight

The Lucas bus—which carries 34 passengers—came into service in Manchester in February. Using advanced lightweight lead-acid power, on its maiden journey from Birmingham to Manchester, it covered the 86 miles from city-centre to city-centre at an average speed of 39 mph without fully discharging its batteries. The bus had previously undertaken a 112 mile run at the Motor Industry Research Association's flat test track on one charge.

Since its introduction the bus has had to be taken out of commission several times for repairs and modifications. Fuses have gone, the brackets holding the batteries have had to be strengthened, and the battery charger was found to be unsuitable. However, Lucas believes that the operation of a bus on service is providing much useful information which can be utilised in the next stage of vehicle.

One of the key questions in the development of electric vehicles in the U.K. has been that of finance. The Government has not so far become directly involved with electric vehicle programmes although the Central Electricity Generating



An inside view of the trailer-mounted Varta Batteries—incorporating water cooling and other advanced features—which provide the motive power for the Mönchengladbach and Düsseldorf electric buses

Board and British Rail both went its first trials—mainly due to far avoided any direct involvement.

Lucas points out that it would be a year's delay in its service introduction. The Silent Rider Mark 1 is described as an "engineer's test bed" and Chloride claims to have learned a great deal from its introduction.

As with Lucas, one of Chloride's major problems has been that it has had to carry most of its project, single-handed, despite the sub-contracting of Secon, Seddon and EDC for the control gear, the chassis and electric motor respectively.

There is no doubt that the company would welcome offers of help from other interested parties. However the Department of the Environment has so far avoided any direct involvement.

The future of electric buses is by no means certain. Although the example provided by the GES consortium shows that a viable system—in terms of bus performance, reliability and length of daily service—is indeed possible, the vital feature of commercial viability still leaves the diesel alternative well ahead. A greater awareness of resource, political and pollution factors is sure to mean that interest in the electric bus continues, but further technological breakthroughs are needed before it can really become a commercial proposition.

Peter Foster

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# Good run for coach operators

ONLY 18 months ago, when the bottom fell out of the overseas package tours business, it was not difficult to see that the domestic bus and holiday trade would expand. In the event, the growth has been volatile, moving in fits and starts. If in an overall upward direction. But this, alongside the steady growth in express coach services, has been enough to give operators a profitable year at a time when margins have been tightening drastically in the whole bus and coach industry.

There is no doubt that the coach operators—the luxury end of the bus business—have suffered a squeeze this year, although not to the extent which has hit the bus companies. Where the coach operators score is in having more flexibility. Although they run some long distance and inter city express services which cannot be cut back because they are part of an integrated network, they do not suffer from a legislative requirement to maintain a large network of services, as bus companies do. On prices, too, they also have an advantage in one sense: whereas fare stage bus operators are stuck with a particular pattern of routes, coach operators can move into new markets and out of unprofitable old ones.

Such flexibility was evident last year in the policies of National Travel, the coach subsidiary of the National Bus Company. On the one hand it was busy extending its long dis-

tance coaching service to the Continent, opening up routes to Lourdes, Amsterdam and Galathea to add to its Athens and Frankfurt services; and on the other it has been extending and expanding its tours business.

At the same time the coach operators are in an expanding market on the long-distance coaches side of their business. National Travel calculates that its business in this area is growing at the rate of about 10 per cent a year, a figure echoed by George Ewer, the quoted public company which shares some routes with NT, and also operates out of the Victoria coach station. This is partly the consequence of adding motorway routes as new roads are opened, to run alongside existing services. While many passengers will want to continue using the indirect routes with their many intermediate stops, there is equally a requirement for the fast, direct service down the motorway.

## Formidable

In theory at least, there ought to be a market here for business travel, particularly for NT with its complete national network of routes. On this point, however, there are two formidable marketing constraints. First, its image is that of down-market, cheap travel, roughly half the cost of a railway journey; secondly, it is not as fast as rail, particularly at the point where it counts in getting from the outskirts of a city to its centre. This is, of course,

crucial in the case of business travel from London.

Hence much of the marketing effort—possibly the majority—at NT and among its private sector competitors (George Ewer, Wallace Arnold, and Gold Ewe Travel, the CCH affiliate) has gone in recent years into developing the tours side of the business. Some of these transport groups are linked with hotel or other leisure concerns—CCH runs hotels in Scotland, Guards of London is part of a banqueting and hotel organisation, and Court Line used to run its own coaches. What all the larger organisations share is the capacity to place large block bookings at hotels, and thus offer the customer a competitively priced holiday.

National Travel took a carefully calculated move down market on part of this side of its business last year with the launch of Ensign holidays. Broadly, these use the normal coach services of the group, while offering the all-in advanced booked holiday, the idea being rather similar to British Airways' Enterprise holidays—to make use of available unfilled capacity on the scheduled services. While this is not a tailor-made holiday in the sense that coach tours are, the effect on prices is dramatic. Ensign holidays can be roughly half the price of the £70 or so a week for the standard coaching tour—now no longer such a cheap holiday, relative to package tours, as it used to be. When it launched Ensign late

last year, NT was aiming for a 25 per cent increase in its tours business. It openly admits that this will not materialise: the second holiday season which it had hoped to capture has not come up to expectations. Nevertheless the business has expanded—George Ewer says it expects a 20 per cent growth in its activities in this area.

## Deepest

Where the cutback in the coach business appears to have bitten deepest is on the contract hire side—the club and party visits and day excursions—and trade closely allied to American tourism. Many of the small one or two-man outfits, which caught on to the London hotel boom of two years ago have now gone to the wall.

At the same time the rationalisation which, for instance, led CCH to take a 29 per cent stake in Ewer, has continued. Ewer, generally estimated, with some 200 vehicles, as the second largest private coach operator in Britain, after Wallace Arnold, last year took a 70 per cent stake in World Wide coaches, very much a luxury tourist oriented group, with American Express owning the balance. National Travel, which dwarfs the rest of the industry with its 3,500 coaches, is also still buying companies here and there.

The same economic pressures which reduced margins for the coach operators last year, also touring, and special events, took their toll on the coach manufacturers. In addition they

were hampered by supply shortages for much of the year, as quietness and refinement, the three day week took its toll on suppliers. British Leyland, the Loughborough-based coach supplier of heavy duty chassis, was particularly over-stretched. Among the public companies Duplé's profits tumbled from £1.12m. to £0.77m. last year (although of course where British Leyland reigns supreme, there are a number of the company had other interests as well as coaches) and Plaxton, the Scarborough-based Ford and Ford for the lighter coachbuilders, saw profits fall from £248,000 to £140,000 in the first six months of its financial year.

Many of the coachbuilders' worries on bus bodywork and fittings (the bus generally being defined as a less luxurious vehicle), and Plaxtons, for instance, has come out of the depression with a very large order for National Coach manufacture. But in recent years they have also been gearing themselves up for major attempts on overseas markets. Traditionally the British coach has been reckoned to be less of a quality product than its Continental counterpart. The main reason for this probably lies in the much greater use of buses and coaches in the U.K. Coaches as a means of long distance express travel have not been greatly encouraged on the Continent, whereas in Britain they have long been an integral part of the same system: hence in Europe the emphasis has been on using luxury coaches for before they transfer their loyalty—and they will also be competitive in the EEC.

enviable reputation for quality, ages for much of the year, as quietness and refinement, the three day week took its toll on suppliers. British Leyland, the Loughborough-based coach supplier of heavy duty chassis, was particularly over-stretched. Among the public companies Duplé's profits tumbled from £1.12m. to £0.77m. last year (although of course where British Leyland reigns supreme, there are a number of the company had other interests as well as coaches) and Plaxton, the Scarborough-based Ford and Ford for the lighter coachbuilders, saw profits fall from £248,000 to £140,000 in the first six months of its financial year.

Certainly the coach builders are beginning to up-grade their vehicles to meet the Continental challenge. Willowbrook is a case in point, now selling some 70 per cent of its production overseas. Plaxtons, too, is now building up business in the Far East and, with a new all-metal body which meets European legislation effectively, is expanding on the Continent. With the disappearance of trade barriers in the EEC, the British market, possibly the most valuable in Europe, will inevitably attract more attention from its new trading partners. But with British coaches selling at around £20,000 to £23,000, and Mercedes at at least £30,000, the U.K. operators may need a lot of persuading before they transfer their loyalty—and they will also be competitive in the EEC.

Terry Dodsworth



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## BUSES AND COACHES III

## A new framework of operation

WITH PETROL at high prices and likely to become dearer before the year is out, road tax and insurance costs up, and British-made car prices rising at three-monthly intervals, 1975 is proving a hard year for the private motorist. But for those forced to rely on public transport for their mobility, especially outside London and the other conurbations, things could well be a good deal harder still.

For 1975 seems certain to prove something of a crunch year as far as Britain's bus services—and, of course, so much else—are concerned. To-day they are, by and large, in dire trouble. Costs are escalating at record rates. In the big cities, especially London (where the local authority contribution to meeting costs has been massive), mammoth fare rises seem certain as subsidies are held down as part of the general drive to curb public expenditure. Outside the conurbations, a hefty cutback in services seems to be on the cards.

The message for users was, perhaps, put at its plainest last month when the National Bus Company (NBC) published its annual report. Set up five years ago as an umbrella organisation for some 50 of the biggest operators in England and Wales, the State-owned NBC is, together with London Transport and the seven passenger transport executives in the main conurbations, responsible for the majority of Britain's bus services (in all the country has some 5,000 operators, but most are very small).

Its annual report revealed a 1974 deficit of £12.3m, which, together with higher capital expenditure, consumed NBC's £20m cash reserves. Without substantially increased Government and local authority help—and the NBC receives relatively little in the way of subsidies—fares, the group said, would have to go up significantly and services be cut back, perhaps, according to Mr. S. J. B. Skyrme, the deputy chairman, by as much as 15 per cent. This could also be the amount by which fares would have to rise.

For the hard fact is that, as far as the bulk of the population is concerned, most bus services, contrary to popular mythology, receive very little subsidising. Direct through it is the only bus Government operating subsidies this year (that is leaving aside the fuel duty rebate—£12m in 1974 for NBC—and new bus grants—£7m.) are to amount to

## Profitable

The case of the NBC, for long one of the most profitable and most neglected of our State-owned industries, is instructive not only for its own sake but as an example of how awry our priorities for transport have become. NBC is far from the only bus operator in the country, but it still merits far more attention than it is given: indeed, the contrast between it and, say, London Transport into which so much public money is pumped—is almost laughable. For it is the world's biggest bus operator, operating 20,000 buses and coaches and accounting last year for 2.2bn. passenger journeys along 724m. bus miles. Yet it receives but a paltry 3 to 4 per cent of the Government money that goes toward subsidising bus services, even though it is the only bus operator of any importance throughout the larger part of the country.

To say that NBC is the only deserving body on the bus



Victoria Coach Station

scene would, of course, be a nonsense. But what the figures do suggest most strongly is that national priorities about transport have gone hopelessly wrong. After all, if in one of the major cities a bus fails to run the result for the passenger is often just a wait of another 10 minutes or so. In a rural area, if a bus fails to turn up or has to be withdrawn for some reason the result may well be a delay of days before the next one is due. Nonetheless, it is on the big cities that the cash aid is concentrated, regardless of the fact that the distances being covered by typical passengers are often less than elsewhere.

It is probably this that accounts for the great contrast seen in the public transport world—the dichotomy between the enthusiasm and obvious concern found so often among those responsible for running the operations and the state of the bus services themselves and the buses which eventually turn up, if they do.

Thus, to go from London to various parts of the Continent by bus is relatively simple; to go from one village to its shopping town a few miles down the road may well be impossible save on market day. There are many parts of the country where public transport is worse now than it was a century ago. Obviously, the car is a major villain of the piece. The bus is seldom an alternative to it, after all, for car owners are not often, outside urban areas, likely to be weaned away from their own vehicles onto something far less flexible and frequently less comfortable.

It is little wonder that bus usage has been steadily falling—last year's NBC figure of 2.2bn. passenger journeys compared with 2.3bn. in 1973—even though a slight reversal of the trend is likely this year or next as the recession forces people to make less use of their cars. The result, given present policies—or the lack of them—on transport is a vicious circle in which the average to well-off continue to become more and more mobile while poorer people have even what mobility they had taken away from them.

## Hard

The bus operators themselves have been fighting back, and fighting back hard. Dial-a-ride buses, bus lanes and even special bus ways segregated from other traffic, park and ride experiments, books of tickets which can be bought from neighbourhood shops, flat-rate frequent running "superbus" services, and many other innovations are being tried out as possible ways either of bringing passengers back to the service or bringing back a service to former passengers who have been having to do without, or both.

The dial-a-ride system, currently being experimented with in this country by both NBC and London Transport, provides a service a cross between a bus and a taxi. Vehicles, usually mini-buses, leave their point of departure at fixed times and normally have certain set roads to traverse on their way to their fixed terminus. But in between buses can be diverted to meet users' requests, with customers phoning a control point from their homes or even, in some cases, using special roadside phones, to ask to be picked up. The half-dozen or so schemes now in operation vary in their details and degree of sophistication. Perhaps of major importance is that at the new city of Milton Keynes, which is being designed round such a public transport system from the outset. Among the significant points about this scheme is that the estimates of passenger demand have been met almost exactly, thus proving that it is possible to anticipate usage accurately.

What they have in common is the way they provide a service to areas that, in the main, normal buses cannot penetrate—streets too narrow or too twisting for conventional buses or of a residential character such that regular full-sized vehicles would clearly be undesirable.

Bus lanes are another recent innovation. Once again, it is a new town, Runcorn, which (appropriately enough in view of the practical idealism aimed at making a civilised urban life available for all town dwellers which spurred the Garden City movement, the original new town pioneers, at the turn of the century and has continued ever since) is showing the most originality in the field, with its Busway system separated from the ordinary traffic roads.

## Busway

The Busway is more than an ordinary road which carries buses only and is barred to other traffic. The significance of the scheme is that, for the first time, a whole town (with a target population of 100,000) has been planned and designed round such a public transport system. This means, for example, positive discouragements to the car; bus stops in the factory area are deliberately nearer, in most cases, to the various plants than the car parks are.

Thus, there is a difference in kind here from the bus lane now increasingly seen in London and other cities aimed at giving buses priority over other traffic by reserving a section of the roadway for them alone at peak times or all through the day or by allowing them to travel in the reverse direction to the normal traffic flow. But these too, despite some well-publicised teething problems, have been playing a valuable part in speeding services and reducing city street congestion. Where they have also scored is in reducing accidents: a Manchester scheme, for example, has brought a 50 per cent. decline in accidents in its wake, in part, perhaps, because of the easing of the frustration felt by drivers clogged up in traffic.

Indeed, so keen is the NBC on bus lanes that it is planning to produce a package, including two Transport and Road Research Laboratory films of experiments at Reading and Derby, for use by its subsidiaries in a drive to sell the idea to local authorities throughout the country. At the same time, London Transport has had a great deal of success in converting its Greater London Council owners to the concept, as have at least some of the passenger transport executives in the metropolitan counties.

Park and ride experiments are something else again. Basically, what is meant here in terms of bus services is a series of car parks around the edge of a town, served by frequent buses going directly from them into the town centre. The key town in this is Oxford where, thanks to the park and ride concept, the city council has been able to take a series of greenfield sites on the outskirts of the city for conversion into car parks instead of having to put up what, no matter how excellently designed, would inevitably have been multi-storey carysors in the centre. What has really happened here is, as in Runcorn, as much an anti-car move as a pro-bus one; the people given most consideration have been those who actually live in a place rather than those concerned to move in and then back out, or just simply through it, contributing little or nothing save problems while they are in transit.

Another approach to the same problem has been seen at Stevenage new town, home of the superb experiment conducted jointly by NBC's London Country subsidiary, the Depart-

ment of the Environment and the town's Development Corporation.

The first route was established in 1971 and now, substantially modified, carries nearly three times as many passengers as the conventional bus service it replaced. What it offers, basically, is a very frequent—every five minutes or so—one-man operated service to key points of the town on a flat fare basis. The fares are pitched extremely low, so that the whole service—there are now two routes—has to receive pretty hefty subsidies. But car commuting to the town's factory area has fallen during a period of rising car ownership, with benefits that need no spelling out which mean that the routes' £35,000 a year loss is compensated for in other ways.

In London, a not dissimilar service has just been given the go-ahead by the Greater London Council's transport committee. Called "speedbus," it will operate over a ten-mile route in the centre of the city at a hoped-for five-minute frequency. In one main thoroughfare, all traffic other than buses will be barred in one direction, while Oxford Street is to be closed to taxis. Many new bus lanes will be introduced. The result, according to the joint GLC-London Transport team behind the project, should be a 25 per

cent. reduction in journey times, thus allowing a saving in bus and crew numbers while, thanks to the route's frequency and hoped-for reliability, attracting additional passengers. The scheme, which has drawn opposition from some of the borough councils through whose areas it will go and from the police, will take three years—and £1.5m.—to implement from the time of final approval.

All these experimental activities are, by and large, urban area ones with little application for the rural districts which, arguably, suffer most from reduced or inadequate bus services. These areas, too, have not been neglected in the search for ways to attract people back to the buses and to provide services where none have been feasible.

Among the companies prominent in this is Eastern Counties, which operates in a wide area of East and Mid-Anglia. In North Cambridgeshire and Huntingdonshire the company has revived the Victorian concept of the village carrier—the bus which, when requested to do so, will, for example, pick up a customer's shopping order for her and deliver it to her home.

## Village

The company has also been instrumental in setting up a village co-operative bus service, in conjunction with Norfolk County Council (which will be guaranteeing the bills although it is optimistic that viability will be achieved), to provide buses to a group of villages previously with no public transport at all. What it is doing is giving a mini-bus to the village group while training volunteer drivers and looking after the vehicle's maintenance. The service, likely to become operational within the next week or so following a series of public meetings in the areas involved, will be a wholly flexible one: where the buses go—regularly to the nearest market towns with week-end excursions to the coast or school trips, for example—will be decided by the village committees.

All these sorts of experimental operations, often with Government and local authority backing, are evidence of the way the bus industry is fighting back against its problems. Indeed, any suggestions that it is a dying business would, despite the cutbacks in route miles and passengers

carried, be false. After all, NBC is actively involved in 18 new towns and has to be putting a great deal of thought into the provision of public transport facilities there where none were required before. Nonetheless, it can be argued that bus operators are still not doing enough. For the great majority of the various schemes now being tested are for special applications only—towns with streets too narrow for conventional buses, big cities, or remote and scattered villages. For the bulk of the service, it is the normal, familiar fare stage bus which is long going to continue. And it often is not good enough.

London Transport is, perhaps, a model as far as operations of this kind are concerned. Passengers may grumble at service frequencies—the envy of those living outside the capital—and fare levels—up to a third less than those pertaining on other services, thanks to the GLC's massive subsidies—but London buses are, above all else, easy to use. They halt at stops with timetables and other passenger information attached; they display on their destination blinds where they are heading and through which areas they will pass.

Outside London, all too frequently, the opposite is the case—buses just bearing numbers but with no destination displayed; bus stops which inform you merely that that is what buses are, and where, halt there; whole towns served by a series of routes which, though putting most people within a few hundred yards of a bus stop, might just as well be secret services for all the passenger information which is available. There are even cases of competing NBC subsidiaries, which, so far from working together, carve things up to make it impossible for passengers to obtain a decent service from either of them.

And inter-connecting services, whether bus/bus or bus/rail, frequently leave much to be desired, even where they exist at all (this is another area where experimentation has been going on).

Quite clearly, the enthusiasm displayed so evidently in head offices is not carried sufficiently down the line, and there is a lack of co-ordination and central control which makes it hard for people to use buses when it should be easy for them to do so. The number of experi-

ments in progress shows that people at the heart of bus operations have a lot of their priorities right, but what is all too often neglected is the standard of the normal run-of-the-mill service.

And it is this, too, which has been too little taken notice of by successive governments, so that here is where the threat lies. There is a clear limit to the small economies which can be carried out in bus operations and, by and large, the bus companies have already done them all. The experimental activities aimed at wooing customers in exceptional circumstances will probably carry on. But for the others a good deal more cash is needed.

## Crunch

Negotiations with local authorities are in progress now. The crunch will come when approaches for further loans or other forms of cash injection have to be made to the Government. In the present economic climate, they will probably be refused, if not wholly at least in very large part. Yet the question which must be asked, and all too seldom is, is whether the indirect benefits of increased public transport use—less private motoring and hence less petroleum consumption, less pollution and hence less expenditure on combating it, fewer accidents and hence less spending on repairing their ravages, indeed less wasteful consumption of all kinds even if it appears to be paid for (thanks largely to a form of accounting in relation to these things which ignores so many cost aspects) by those creating the damage in a way subsidised bus services clearly are not—outweigh the apparent direct costs of encouraging it. If so, and the evidence seems reasonably clear, the sooner we have a sensible, rationalised transport policy instead of the present hodge-podge of bits and pieces the better.

The private car can do a great deal the humble bus cannot. But there is much that the bus can do equally as well, given the chance to do so. And, in terms of overall cost to the community, it could be much cheaper too. All we need now are the policies to let this happen.

David Walker

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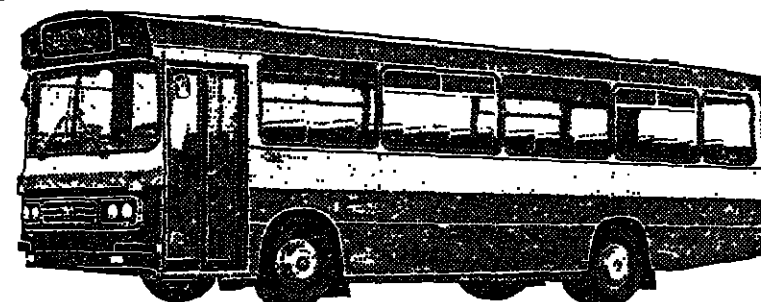
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Pelham Books/Ebury Press

## BOOKS

### Playing to win BY C. P. SNOW

The Oxford Companion to Sports and Games edited by John Arlott. Oxford, £8.50, 1,152 pages.

Is there anyone alive who has sat down and read dutifully through an encyclopedia or companion from beginning to end? It would be magnificent; it would also be slightly crazed. All I can do with this particular one is sample the articles. They seem to be uniformly very good of their kind; and, like anyone else who reads about cricket, I have complete confidence in the editor, John Arlott, professionally competent, cultivated, humane, interested in the personalities and social histories of games as well as their technique. So, on those impressions, I give a positive verdict. But it has to be tentative, and in advance I disclaim responsibility if someone indignantly protests that the essay on, say, pelota is very far from the last word in modern scholarship.

The only man I have known who would have read enthusiastically through entry after entry (over cold beer and a pint of beer at the Blue Bar, thus escaping from Trinity High Table) would have been the mathematician G. H. Hardy. He loved all games, and knew a remarkable amount about most of them. Further, he loved all competitive activities of any kind whatever. Thinking of Hardy made me reflect on one or two oddities about the fate of great national games. He knew almost as much about baseball as he did about

cricket, and must be one of the few Englishmen who have written to the Baseball Commissioners suggesting a modest (and entirely sensible) like all his practical suggestions emendation to the rules. The article on baseball, by the way, is extremely interesting. It is, of course, an absolutely first-class game. You have never seen fielding unless you have seen major league baseball. The catching and throwing are so perfect that one soon takes them for granted. And it is a recurrent technical puzzle how the pitcher—at more than the pace of a very fast bowler—can do so much in the air, curving (swinging) both ways, dipping, even floating. Though the tactics are as subtle, it is not such a pretty game as cricket: partly because the batting is more mechanical, but more because cricket clothing and green grass are visually pleasing, and the baseball spectacle just isn't.

This leads to a question which used to puzzle Hardy. Cricket is appreciably the more difficult game of the two to understand. So why has it travelled and been adopted quite widely (Asia, Africa, the Caribbean) and baseball almost not at all? Colonial influence is obviously part of the answer, but one would have thought that that wouldn't survive if people found a more congenial game. As a result of the post-war occupation a number of Japanese have taken to baseball and characteristically play it well. But that is the only major triumph of American imperialism in games. Despite the influence of Latin America, baseball hasn't spread.

There is an extension of this problem. None of the major American indigenous games—as opposed to those they took from us, such as golf and tennis, and showed us how to play—has proved exportable. Baseball hasn't. Nor has American football, not in the slightest, though home it is the great spectator sport. Nor has basketball, except to the Soviet Union. In small-town America crowds flock to high-school basketball every Saturday night. There is one solemn sociological suggestion. Soccer is the game of the world proletariat. It was developed, and brought to its present shape, by the British working class. With Blacks in a separate category, the U.S. scarcely has a genuine proletariat (which is why some political analyses this side of the Atlantic have often gone wrong). American football originated in the colleges, and the college competitions remain the tremendous popular draws. The game is money oriented enough, there are plenty of scandals, but the social climate is quite different from that of soccer in Rio, Manchester, Buenos Aires or Leeds.

As a pendant, there is one other international working class game, not so sensational, but played seriously everywhere except in the U.S. That is table tennis. There is a competent description in this encyclopedia. Perhaps it could have done with some of the editor's personal illumination. So far as one knows, though, he has not let his imagination spread itself on the game.

### Mr. Ashe, Mrs. King and others BY JOHN BARRETT

Three autobiographies and four true-crime books, among the best of tennis literature that has descended on my desk in recent weeks. The arrival of open tennis in 1968 has, it seems, done more than raise both playing standards and levels of prize money. Especially in America we find all the peripheral activities associated with a full-blown professional sport including exploitation of the star image of its leading performers.

The Bjorn Borg Story (Pelham, £2.50, 96 pages) falls into this category. It is a simple story simply told. It could hardly be otherwise from an author just turned 19 who admittedly achieved early greatness as the youngest-ever French champion in 1974, a title he retained. The direct schoolboy style may appeal to his army of teenybopper fans but we are given little insight into the reasons for his remarkable precocity.

The black American, Arthur Ashe, has chosen a different approach. Portrait in Motion (Stanley Paul, £3.95, 272 pages) is written as a diary, beginning with the historic players' boycott of Wimbledon in 1972 and ending at Wimbledon a year later. Here is the insider's view of a major sport that rines true for its admission of human failings as well as aspirations. It was, we are told, written or rather spoken on tape and reshaped by Frank Deford. Sports Illustrated, which may account for some flat, unemotional patches. We see through flashbacks the young Ashe struggling to adjust to his unique place in a white man's world and with respect his honest endeavours to change political attitudes in South Africa on his historic first visit in

November, 1973. The haunting image of the banned black journalist Don Matthews reflects Ashe's own views: "There'll come a day when we have the luxury to criticize, to disagree with each other, in public." Ashe's way is the gentle way as one would expect from a future artist as deeply concerned with the brotherhood of mankind as with the welfare of the members of the Association of Tennis Professionals of which he is president. If Ashe lacks the descriptive genius of a Boswell he brings the smell of sweat and liniment to the tennis scene with all its pressures and we feel genuinely sorry for him towards the end of the diary when Kathy, the shadowy figure who lites in and out of the pages, finally departs after a two-year experimental relationship that failed.

No one could call Mrs. Billie Jean King a failure. Her latest offering, written with Kim Chaplin, Billie Jean—an Autobiography (W. H. Allen, £2.95, 208 pages), gives us "the whole bit," as she would say. We learn how the kid from Long Beach becomes the "arch-apostle of Women's Lib"; we hear about the abortion, about Team Tennis and the Women's Tennis Association. For those who like their heroines larger than life (and few come larger than B. J. being carried off in a helicopter into the Houston Astrodome for her halcyon match with Bobby Riggs) then this wide-ranging volume provides it.

Mrs. King sums up her own attitudes for us: "I've made a mark and I know what it feels like to be the best in something. Besides," she adds, "...I'm not just a tennis-player any more." Of the instructional books

Neale Fraser's Successful Tennis (Pelham, £2.90, 80 pages) is the best. The large pages contain 40 lessons covering the whole game admirably. There are excellent line-drawings too that make the points easy to follow. Starting Tennis by Ward Lock, £2.50, 96 pages) is an excellent attempt to introduce young beginners to the game but Tom Okker's Tennis in Pictures (Oak Tree Press, £2.10, 180 pages), a edition of a 1970 Dutch book, suffers from being out of date though the photograph stroke sequences are good. The same publishers give us Tennis Doubles by Paul Metzler (Oak Tree Press, £2.10, 180 pages), an over-enthusiastic offering that makes the simple things appear difficult by surrounding them with verbiage. For those who enjoy this approach though he does attempt to cover the ground thoroughly.

Mr. Barrett's own recent publications include a paperback with the veteran Australian tennis champion, Play Tennis with Rosewall: The Little Master and his Method (Queen Anne Press, £10.10, 160 pages) and a volume in the Macdonald Library of Sport (Macdonald and Co., £1.50, 61 pages) which has colour-illustrated chapters on stroke-play, spinners, people and separate sections on badminton, squash, table tennis, pelota. He is in addition the editor of World Tennis '75 (Queen Anne Press, £2.95, 352 pages), a BP Press Commercial Union Yearbook, and Tennis '75 (Queen Anne Press, 60p, 48 pages), which rather both for the tennis statistician and the enthusiast.

### All gammon

BY ANTHONY CURTIS

The New York Times Book of Backgammon by James and Mary T. Jacob. A. and C. Black, £2.95, 175 pages.

Goren's Modern Backgammon Complete by Charles H. Goren. Pelham Books, £3.50, 208 pages.

Harrap's Easy Guide to Backgammon by James T. Goldsmith. Harrap, £2.25, 71 pages.

Backgammon by Prince Alexis Obolensky and Ted James. Star Books (paperback), 75p, 171 pages.

Beginning Backgammon by Tim Holland. W. H. Allen, £2.75, 208 pages.

Backgammon: The Modern Game by Terence Reese and Robert Brinn. W. H. Allen, £3.75, 139 pages.

Books on backgammon have begun to boom in the past few years. They mainly stem from the U.S. where a great wave of interest in the game preceded the sudden craze for it here by a year or two. The half dozen reviewed represent only a sample, ranging from guides to the novice, the tax beginner to disquisitions on delicate and complex points of doubling and "pip counts."

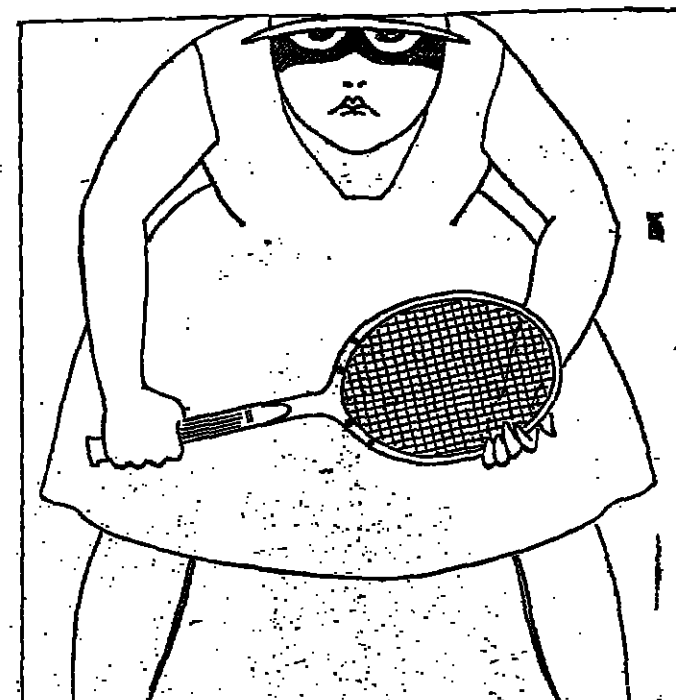
All these authors insist on the need to memorise the routine opening moves and expound at varying lengths on the rational desire for them. Where there are alternative possibilities, as for instance with an opening throw of six and two, they are enumerated, the pros and cons considered. I commended Mr. Holland's method of codifying these side by side under the general headings of Aggressive and Conservative. Mr. Z. Jacob, the son and wife of Oswald Jacoby of Dallas whose The Backgammon Book with John R. Crawford made a

pioneer appearance here in 1971, give a section on replies to a plunger's move which is useful but inevitably incomplete; so does Terence Reese whose book is beamed at the intermediate and more advanced player. Reese centres his own on the subtle fashion in which players, six-shooters, tempters.

When they reach the intriguing area of the middle game the more sophisticated authors like Reese go into the different ways of making spot checks of odds and probabilities, those vital calculations that tend to frighten many potentially above average players. Most of these instructors (several of whom, incidentally, are champion bridge players) are content to spend the rest of the book talking us through specimen games, with good examples of running, staying back, and the hazards of bearing off.

Because there is no commonly agreed backgammon shorthand one usually sets out two or three games given in full. Compare chess books which may give one as many as 50 games in one book. Each game in backgammon is illustrated by a diagram for each move which is extra space but does give scope to art editors and designers. Goren gets blobs of red ink on black and white; even prettier is the green for the points on the board in the Jacoby volume but their diagrams are not always cheek-by-jowl with the text to which they refer. The others all manage pretty well with half-tones and dotted lines. Reese has an effective "3-D" effect for the men.

A best buy? Obolensky is a snip in spite of small print. Goldsmith's is larger, but if you intend not to buy but to borrow in the first instance from the library then for the novice Holland is an attractive tutor as his wife is a pleasant young man; after him graduate to Goren, the Jacobys and Reese. You would need to be awfully good not to learn something from each of



"Intimidation"—one of several caricatures of sport in "The Man Who... and other drawings," a collection of work by H. M. Bateman edited by John Jensen (Eyre Methuen, £2.95, 94 pages of illustrations)

### Eye on the ball

BY WILLIAM WHITELAW

Golf in Britain: a social history from the beginnings to the present day by Geoffrey Cousins. Routledge, £4.50, 176 pages.

As one who has now played golf for over 50 years and has seen the amazing development of the game over these years, I have found Geoffrey Cousins' book fascinating and in many ways novel.

Most books on golf tend either to be personal reminiscences or of a detailed instructional nature. Both have their interests and their deficiencies. Golf in Britain is refreshingly different. It is concerned with the history of the game from its earliest beginnings in Scotland on very primitive links and commons to the world-wide game on the beautifully tailored, almost manicured courses of today. From the expensive pastime of Royalty and the Scottish lairds to a game enjoyed by millions in all walks of life, it gives an interesting account of the development of clubs and balls from the old wooden implements carried in the caddy's arms and the "featherie" and "gutter" balls, to the matched sets in huge golf bags and the modern balls which the champions consider almost unfit for playing in any way marked.

The book tells the story of an exclusively male amusement, gradually infiltrated by females until the only signs of sex discrimination are the Ladies Tees and the refuge for males still likely to become no mean provided in some Club Houses, former.

### Boundary lines

BY TREVOR BAILEY

This summer has, as usual produced a clutch of cricket books. The well respected, former cricket correspondent for the Yorkshire Post, Jim Kilburn has written a book on the game, The Cricket Book (Stanley Paul, £3.90, 150 pages). This is really a series of disciplined essays on players, famous and not so famous, and various aspects of the game from the turn of the century until the present day. A fair if somewhat aseptic criticism of the game is interspersed with say about the modern scene and is clearly worried by some of the side effects of too many sponsored, limited-over matches. He makes a number of valid points.

The past is recalled with affectionate nostalgia, including a fine tribute to Cyril Turner, a Wally Hammond master innings, and many other magic moments. It is extremely well written and, perhaps short on humour, but with cricket close to a religion in Yorkshire the game is liable to be sacrosanct.

The editor John Sheppard in his introduction to Cricket More than a Game (Angus and Robertson, £4.50, 250 pages) says in this well produced and splendidly illustrated book that "it is very much a hybrid for it cuts across all the traditional formats." In these circumstances it is hardly surprising that the overall pattern is rather vague and resembles a fascinating train journey to nowhere with numerous stops along the way. At these wayside halts the reader is regaled by hosts of the calibre of Arlott, Benaud and Finlayson, all in good form. This is one to keep by the bed and to dip into on a cold winter's night.

The Assault on the Ashes by Christopher Martin-Jenkins (Macdonald and Jones, £3.50, 216 pages) tells the story of the last Australasian tour, which proved to be one of the most controversial, and humiliating ever undertaken by the MCC. The author displays the diplomacy of Mr. Harold Wilson and treats the more unsavoury incidents so gently that none of those involved including the guilty, can take exception. This gives a rather bloodless flavour to his interesting and statistically accurate account, but many cricket lovers may feel that it is all the better for that.

In My Way (Hodder and Stoughton, £2.25, 199 pages) Glenn Turner traces his career from his boyhood until he has become one of the most accomplished batsmen in the world, possibly his country's finest. It is a straightforward, unpretentious tale by a pleasant young man, after him graduate to Goren, the Jacobys and Reese. You would need to be awfully good not to learn something from each of

### Danger driving

BY BRIAN AGER

Speed with Style: the autobiography of Peter Revson by Revson and Leon Mandel. William Kimber, £2.95, 221 pages.

Francois Cerveri: A Contract with Death by Jean Claude Halle. William Kimber, £3.50, 213 pages.

A week before his death, Revson and Leon Mandel had completed the manuscript for this autobiography. It concentrates on the 1973 season—when Cerveri was killed—and gives detail. It ranges from the well-dressed Grand Prix world to the boots and levis of American championship racing.

It was not a very satisfactory season for Revson. He won the British Grand Prix, was earning \$300,000 a year, but was forced to switch teams to keep in top-flight racing. The Cerveri story was written after his death and, as its title suggests, is overshadowed by gloom. Chapter 1 starts on the morning of his fatal crash at Watkins Glen and his life is then reviewed in an irritating, jumpy flashback style. Each chapter is written in the same fashion. But it contains an insight into the real man, beyond what he says himself: "I like life. I like to laugh. I like birds." It also gives an insight into the ruthless side of racing, with Cerveri slowing his car on a corner to make the man behind him go into a spin and celebrating his success with a champagne party the day after his friend John Rindt was killed. Cerveri's last words were: "Was this fairly out of place? No. We know death is in our contract."

### Bridge hands

BY E. P. C. COTTER

Championship Bridge by José Le Dentu. A. and C. Black, £3.90, 301 pages.

The Art of Card Reading at Bridge by Fred L. Karpin. A. and C. Black, £3.50, 232 pages.

Two excellent books on Contract Bridge have appeared this year. The first is the work of José Le Dentu, the well-known, French international player and bridge columnist of Le Figaro. The second is a book on this game called is not only a storehouse of amusing anecdotes about bridge celebrities and famous matches, but it is as instructive as a textbook. For M. Le Dentu has the true teacher's gift of clear exposition. Besides the accounts of championship matches you can learn of great disasters where the mighty fall harder than the rawest recruit. If you want to match your skill against that of the top players, there is a book called Do You Know Messrs. Experts? which will give you just the opportunity. You can test your bids, your opening leads, your responses, your overcalls and your slam bidding against those of the internationals of various countries.

When we turn to the second book, The Art of Card Reading at Bridge by Fred L. Karpin, may lack the flowing prose style and obvious joie de vivre of Championship Bridge but for all that it is an excellent work. Mr. Karpin has made a name for himself in tournament bridge in the United States, and is well qualified to write on the game. Moreover, he has chosen card reading which is an essential weapon in the armoury of any player who aspires to reach international standard or indeed to hold his own on the rough tumble of the part libré. Card reading or counting the hand is a fair amount of hard work and so it is a closed book to the lazy player.

The BBC book of Armchair Cricket edited by Brian Johnston (BBC publications, £1.25, 224 pages) packed with information should prove a useful asset for television viewers.

### BOOKS OF THE MONTH

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## The Executive's World

EDITED BY JAMES ENSOR

Doina Thomas describes OGEM's expansion  
A bridge made from tiles

WHEN CAN you use a roof tile to build a bridge? Answer: when that roof tile is a subsidiary company of an expansionist international trading company. The company in question is the Dutch holding company, OGEM HOLDING, which today, through using roof tiles as bridges has a turnover of approximately £600m. derived from more than 180 subsidiaries in various industries.

The roof tile analogy comes from the explanation that Karel Fibbe, president of its board of management, frequently gives when asked the rationale behind OGEM's acquisition policies: the company likes potential acquisitions to have activities that overlap a little with the activities of existing OGEM subsidiaries. The bridge analogy was developed by deputy president Roelof van Heusden when discussing the latest £160m. acquisition, Lindeteves-Jacobs, which was completed at the end of May.

This company, which was bid for by OGEM's only quoted subsidiary THV International, has considerable interests in developing countries. "It will give us a bridgehead into the third world," comments van Heusden, adding that OGEM likes its acquisitions to open up bridges into new areas as well as linking into the old.

While a lot of this philosophising could be described as post hoc rationalisation, this does not detract from the effectiveness of the early acquisition programme. Over a hundred years old, OGEM was originally a utility company supplying gas and electricity services to the Dutch colonies in the Far East and Latin America. That period of its existence was centralised less than 20 years ago. As with so many companies based on the colonies the choice for the company was relatively simple: it could stay as it was and gradually die or change dramatically to attempt a continued existence.

The decision to aim for a continued existence was taken in 1959 when OGEM (the initials of the Dutch for overseas gas and electricity company) bought a major Dutch electrical contractor, followed about five years later by the purchase of another major contractor in central heating. Acknowledging its ignorance of their markets the company left both severely alone, a policy it presently follows with only minor financial modifications.

But the continued existence of OGEM as a corporate entity, new companies was a strong



Deputy president Roelof van Heusden

albeit drastically different, was only truly ensured by a merger that took place in 1969. Then the company decided to offer a merger by means of exchanging some of its trading subsidiaries for equity in the company concerned, a trading company called Technische Unie which was two-thirds the size of OGEM. The arrangement resulted in slightly more than majority control.

OGEM was spurred to take more active interest in its subsidiaries by a further purchase, some three years after that of Technische Unie, of a troubled trading group called Stokvis. It was the first acquisition with problems that OGEM had taken on but was, in due course, successfully sorted out. It was roughly at this time that OGEM's present divisional structure, trading, installation, energy, industrial and the infant construction, began to emerge. (TU and Stokvis became THV International, the trading division.)

The steady pace of acquisitions throughout the 1960s achieved one primary aim of the company, to derive more of its earnings from Europe and so lessen its dependence on its remaining business in Dutch Latin America. In 1974, prior to the merger with Lindeteves-Jacobs, only 20 per cent. of the company's income still came from countries outside the Netherlands.

The pace of acquisitions of new companies was a strong

factor in determining the way in which OGEM decided to control its new and burgeoning subsidiaries. The fact that many of them were family companies, often rather stronger on management than cash, also influenced OGEM's central management style which, on the surface, appears to be very much *laissez-faire*. "We have decentralised from the bottom up," comments an OGEM director. "Instead of delegating certain powers to our subsidiaries we take very few away from them, such as control over financing."

Apart from the very strict, if obvious, instruction never to over-run their bank facilities, the only other cardinal financial rule for OGEM subsidiaries is that the company wants to see at least 12 per cent. return on its money after tax (inflation in the Netherlands is still in single figures). That 12 per cent., too, is the normal starting point from which OGEM considers possible acquisitions. OGEM itself has consistently made between 12-13 per cent. over the past 15 years.

The chase after acquisitions according to de Bakker, was partly to establish a firm home market after which OGEM could diversify internationally. "But one must not overlook today's profits for the sake of a future balance of earnings," he comments.

OGEM would consider that it is now very firmly established in

its home market, about 80 per cent. of its sales are generated in the Netherlands. But the 1973 oil crisis, which hit the intrinsically Dutch pretty hard, forced OGEM to redefine its concepts of the international market.

"A few years ago we thought it logical to go into neighbouring countries when diversifying internationally," reflects van Heusden. "Then the oil crisis showed that Europe has common problems." The conclusion was obvious: to become truly international OGEM had to establish itself outside Europe, for Europe was the home market.

This is the main reasoning behind the merger of THV, OGEM's quoted trading subsidiary, and Lindeteves-Jacobs. The joint company will have a turnover of around £15.2bn, which makes it the largest trading company in Europe. The merger is expansionist and not defensive, van Heusden insists, even revealing a word not heard in Britain since its merger boom died—synergy. "The merger will be synergistic—we are not accustomed to anything else."

The newly formed company, with its own board and only two OGEM directors, will work very much at arm's length from OGEM as many of the smaller companies seem to do. But the present size and diversity of its interests has led OGEM to consider ways of exploiting these without merging all its many subsidiaries into one massive bureaucratic organisation.

The appointment of a divisional co-ordinator to the infant construction division some nine months ago was a first step in the search for synergy from the independent subsidiaries. "The job has two parts. The first is to act as a co-ordinator to make sure they do not invent the wheel in three places at the same time."

The second part of his job is to look for those projects which do not automatically fall into the market of any one OGEM company but could be handled by an OGEM team. Already this divisional director has found himself working closely with companies in OGEM's installation division.

However, all this internal and external activity seems to leave the Amsterdam stock market unimpressed, even allowing for the fact that it is not the most active European bourse. OGEM, outwardly, does not care. As finance director de Bakker points out: "If one transforms a company with a high rate of profit into a different better type of animal with a high rate of profit, the achievement is not recognised outside."

## BANKRUPTCIES

## The tell-tale signs

By John Argenti

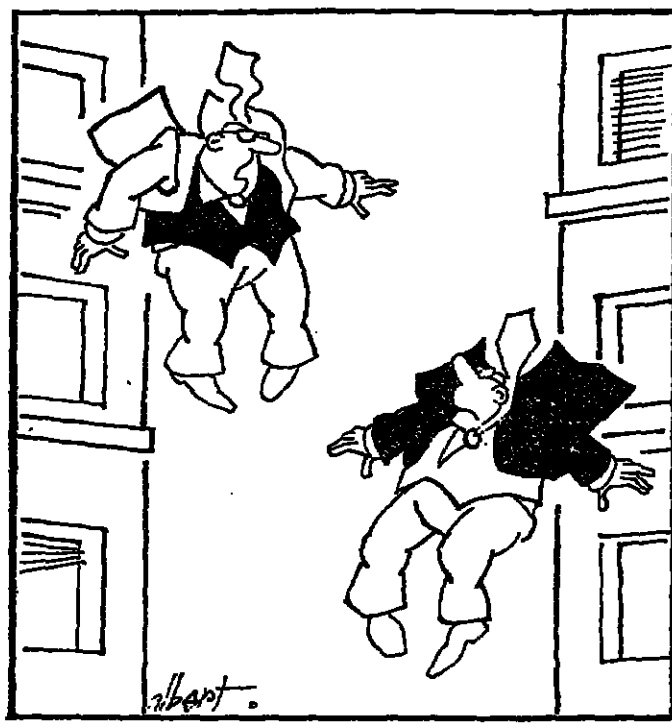
THE RECENT SPATE of company failures has drawn attention to the fact that very little is known about why companies fail. No one seems to know the answers to even the most elementary questions, such as whether it is possible to predict failure—judging by the shock and amazement that usually greet announcements of collapse it is not possible to remember Penn Central, Rolls-Royce and Burmah Oil, for example). Do companies normally fail suddenly, then, without any warning?

In fact most companies that fail do not do so suddenly. On the contrary, it seems likely that they move down a quite well defined "failure-path" stretching over a considerable number of years. Furthermore, long before insolvency occurs, and even before the company steps on to its failure-path, certain defects in its top management structure will be apparent—indeed without these it would probably never find itself on a failure-path at all. There may be as many as six of these defects, one's anxiety as to the company's future being approximately proportional to the number of these it displays.

## Defects

One of these management defects associated with failure is a chief executive who dominates his colleagues rather than leads them as more normal chief executives do. Another is an unbalanced top team; for example, one of Rolls-Royce's boards boasted 22 directors of whom only one was not an engineer! A finance function that is not strongly represented on the board is another defect, so is a board whose members do not actively participate in decision making. Another is lack of management talent below the board. Finally, and possibly the most significant, there is the man who combines the role of chief executive with that of the company's chairman.

The company that is likely to fail may also have defects in two other areas. One of these is its accounting information systems where typically its cash budgetary control or its cash flow planning or its cost analyses—or all three—may be faulty or non-existent. This means that its managers may not know what profits or losses the company is making, nor when the next peak demand for cash will come and how it will



... we bought you out yesterday!"

be met, nor what each product costs nor what it contributes to profits.

The other defect, even more serious, is that the company does not adequately respond to change. Typically it will shrug off a strike in the factory as "one of those things" when it is really a sign that the managers have not understood the change in attitude that has taken place on their shop floor. Or it will dismiss a technical advance by a competitor as "a gimmick". This, then, is the picture so far: companies that are likely to fail display up to six clearly visible management defects. Inevitably they are poised to make a monumental mistake—the more of these fatal flaws they have the more inevitable will this be. When they do make the mistake it will almost certainly be one of the three classic errors: overtrading, overgearing or the too-large project.

Overtrading, probably the most common, occurs when sales turnover (and therefore working capital requirements) rises faster than profits or the capital available to the company. Inevitably it therefore runs out of cash. It is interesting to speculate why British Leyland failed or non-existent. This ran out of cash in 1975. Was it because its managers have been adding £50m. a year to capital requirements? A second common error is to allow the company's gearing to

example, or treating current R and D expenditure as capital—even the most skilled outside observers are misled into believing that the company is not failing. It is this phenomenon, of course, that results in such astonishment when these companies do eventually have to announce that they are insolvent.

A number of non-financial symptoms will also be apparent: customer service may deteriorate, market share may fall, maintenance work in the factory will be postponed and so on. Finally, the company will begin to run faster and faster down the increasingly precipitous terminal part of its failure-path, frantically trying to borrow money at almost any price. Of course, not every failing company travels down exactly the same route on its way to insolvency; in fact there appear to be three different routes, each of which is usually taken by three different types of company.

One thing that all these failure-paths seem to have in common is their very long time spans. Some workers in America believe that failure candidates can be identified five years before insolvency; even if two to three years seems a more reasonable claim it is still quite a long time—long enough to make a positive identification of most failure candidates and to mount a rescue operation. This conclusion is of particular relevance today because a large number of companies all over the world have been severely mauled by the current economic recession. Most will recover but some will not; it ought to be possible now, bearing in mind the number of definitive features described above as being often associated with failure, to determine which are serious candidates for failure and which will recover, which are moving down a recognisable failure-path and which are not.

There ought also to be plenty of time for managers or shareholders or bankers or employees to mount a rescue operation for their company, for rescue is possible along almost the entire length of most failure-paths. A rescue at almost any point is likely to be less painful than leaving it to the Receiver (or the Department of Industry) to pick up the pieces.

The writer has recently been researching and writing a book on Corporate Collapse.

## THE INVASION OF LIVERPOOL

## COMPANY DIRECTORS HEAD NORTH IN COLOSSAL LAND HUNT!

Promises of maximum Government grants and the ready availability of many acres of prime development land have now put Liverpool under almost total siege.

Several leading development-minded industrialists were "Not available for comment" today as news of the opportunities became more widespread, although one key spokesman, David Mowat, Liverpool's Industrial Development Officer, strongly suspected that many directors were already secretly on their way to join the invasion.

But why Liverpool? David Mowat believes that Liverpool's huge labour force—a half million living in the "travel-to-work area"—is one of the major attractions for companies, and the fact that factory and office rentals are low compared with the South.

Prestige sites are still available at Knowsley Industrial Park—and 175,000 square feet of brand-new office space; much of it in the city centre, to back-up administration.

David Mowat comments: "There can be few regions in Britain—indeed in Europe—that happen to be, as Liverpool is, at the very centre of a whole 'web' of rail and motorway systems—and also possessing its own airport and deep-sea container port (Europe's largest Atlantic seaport) right on the city's doorstep."

"Strategically, we're within easy striking distance to speed up entry into Scotland's emergent 'oil-fired' markets."



Liverpool Daily Post and Echo picture

"Liverpool is a true trade centre; over half Britain's manufactured goods and half of the total of retail purchases are made within 100 miles radius of the city."

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FT/27/6

## Asian 'head hunters'

KORN/FERRY International, the executive search company, has decided to extend its operations to South East Asia, and in August will open an office in Singapore.

One of the reasons for doing this is that although there are recruitment consultants in the area, there is no "head-hunting" firm as such. Companies in Singapore, Malaysia and Indonesia are having to ask executive search firms in the U.K., Europe or U.S. to recruit the right man for the top job.

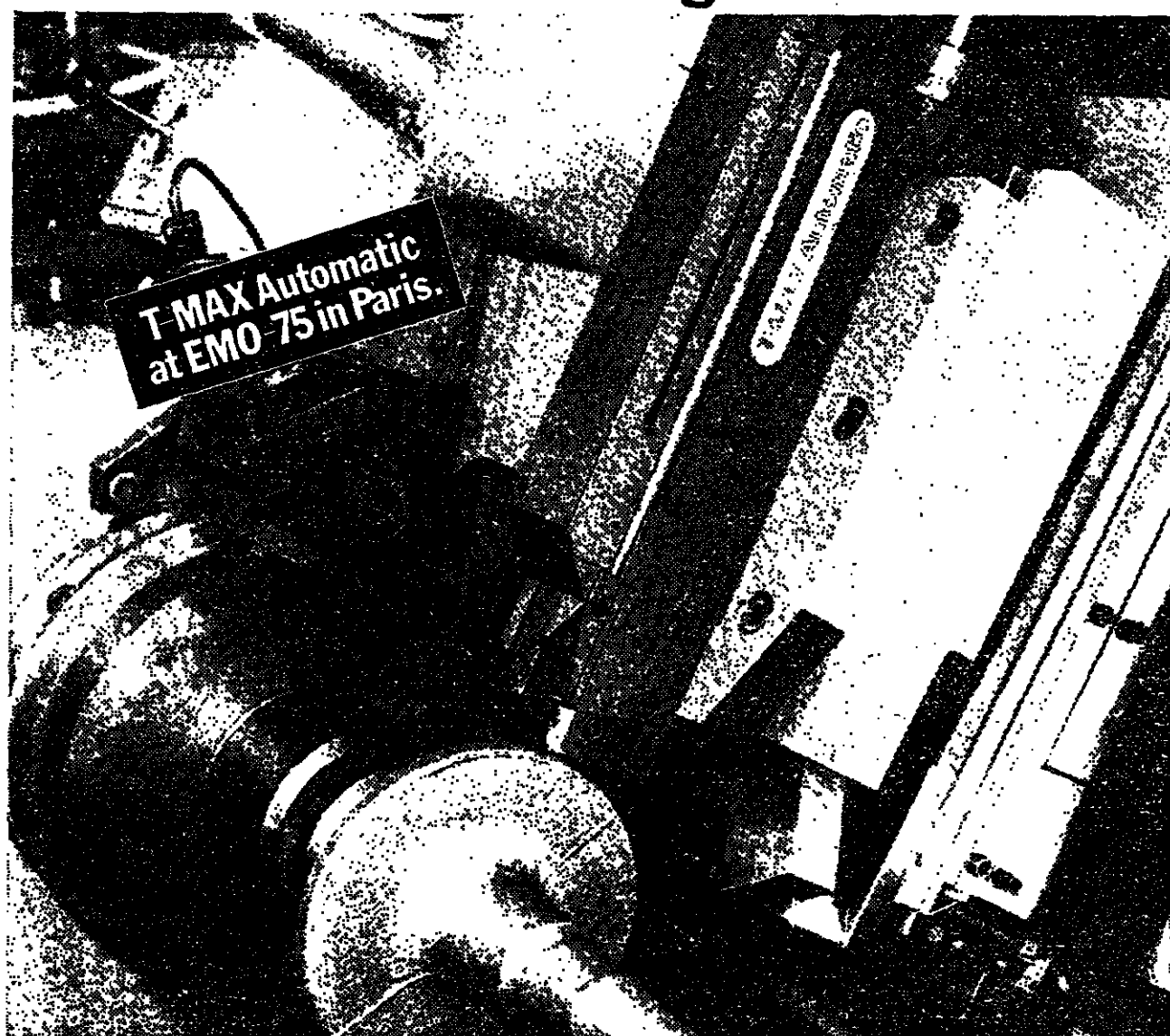
The salaries offered by Asian companies compare very well with Western rates—typically £25,000 per annum as head of a trading company—and this becomes even more attractive when the low taxation rate and cost of living is taken into account.

Another point is that although Asian companies need foreign experts at the moment, all some key posts, there are many rising young Asian executives who will soon be expert enough to do the job themselves. A local office will be able to find these men.

Mr. Ronald Binks, managing director of Korn/Ferry Dickinson, will run the new office. Over the past year the company has built up a small nucleus of clients—Sime Darby, a commodity company dealing mainly in rubber, palm oil and food (including Amoy sauce), the International Bank of Singapore, a new bank opened recently, and Wearne Bros., the British Leyland distributors for the area.

One of the problems which faces Korn/Ferry in this new venture is the question of work permits. They are not very easily come by, and so Mr. Binks has plans to train the Malay nationals in the art of "head-hunting". This will solve the permit difficulty, and eventually he hopes that the Singapore office will have an almost entirely Malayan staff.

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FRIDAY, JUNE 27, 1975

## Time to think again

THERE IS now considerable confusion over just when the Government's Bill to nationalise the shipbuilding and aircraft industries will become law. Uncertainty is harmful at all times, but the Government has the opportunity, if it wishes to take it, of re-thinking both the objectives of taking these two industries into public ownership and the mechanics with which it is to be achieved.

## Compensation

It was apparent when the Bill was published that the compensation terms were unfair and illogical: the delay makes them even more so. For they are based on valuing the companies, whether quoted or unquoted, by reference to Stock Exchange prices in the six months ended February 27, 1974. There could well be a gap of more than two years between the date of valuation and vesting day. This is clearly absurd, since it takes no account of inflation in the intervening period and puts the existing owners and managers in an impossible position. In view of the Government's desire to extend public ownership into other areas of manufacturing industry, it is in its own interest to ensure that the terms for compulsory acquisition of aircraft and shipbuilding are seen to be fair and reasonable. In their present form they are not.

As for the objectives, the Government has argued that the two industries have been large recipients of public funds and should be made more "accountable" through public ownership. But in a period when public expenditure is, or should be, under rigorous control, does this rather vague objective justify putting large amounts of taxpayers' money into the hands of the industries' shareholders? If the Government is genuinely concerned about their viability, it should first take a hard look at the commercial situation they face and then consider whether

## Harmful

The Government should have the courage to think again about how best the problems of these industries can be tackled. It may be that the National Enterprise Board will be a suitable instrument to look after the existing Government stake in shipbuilding and to handle any new assistance which may be required. To proceed with the nationalisation Bill in its present form can do nothing but harm to the two industries concerned and to the economy as a whole.

## A serious threat to democracy

MR. ARTHUR SCARGILL, President of the Yorkshire Miners, issued a warning on Wednesday to five Labour MPs who are said to be "sponsored" by the Yorkshire branch, that they must either support the policies of the National Union of Mineworkers or cease to be sponsored by the Union. This warning has understandably aroused the attention of other MPs and was referred yesterday to the Speaker to determine whether or not it constitutes a breach of Parliamentary privilege. Without in any way prejudging the Speaker's ruling on this particular aspect of the matter, we feel bound to underline its importance for the future of Parliamentary democracy.

## Deep split

It is not, of course, a new issue: Edmund Burke had some well-known comments to make upon it in his own case some years ago. In more recent years, however, it has tended to crop up most often in relation to Labour MPs who have been judged by a sponsoring trade union or by their local Party executive to be supporting ideas which run counter to union policy or to a particular local version of what Party policy should be.

Certain side-arrangements have already been raised—whether MPs are sponsored by a particular branch of the NUM or by the NUM as a whole, for example, and whether the National Executive of the Labour Party (which bears

## Privilege

appeals from sitting MPs whom local constituency parties wish to replace) is likely to refuse its support to any MP who becomes unpopular for supporting Government policy. These, though clearly of some practical importance, are quite irrelevant to the basic point of principle at stake. This point, quite simply, is that a Member of Parliament, once elected, has an overriding duty not to any sectional body which helped to secure his election or which provides him with financial support but to his constituents as a whole (regardless of party) in the first place and to the country as a whole (whose best interests he must seek to judge) in the second.

There has been a good deal of fuss made recently about the disclosure by MPs of their financial interests. But there is, more than one kind of disclosure. The general public as well as the House itself should be concerned with the Financial support from any particular source may be against the public interest if it weakens a member's ability to speak his mind openly. Support from a constituency party may be undesirable if it is conditional upon a member always supporting the views of that particular party.

There is no need to enter here into the wider question, important though it is, of a possible conflict between the views of a particular member and the policy of the party to which he belongs. There is little need to enter here into the question of individual opinion or of feeling inside a party is sometimes carried too far and that Parliament would be a more lively organisation if party managers were more willing to allow a free vote on issues not essential to the survival of a particular Government. There is equally little doubt that the general public tends to over-estimate the advantages to be gained from coalition: the interest of the country is rarely as simple or unquestionable as those who regard themselves as men of good will would like it to be.

Kevin Rafferty analyses Mrs. Gandhi's complex motivation in assuming near-dictatorial power

## India's state of emergency —for democracy

PRESIDENT Fakhruddin Ali Ahmed yesterday declared another State of Emergency in India, practically giving dictatorial powers to Mrs. Indira Gandhi, the Prime Minister. India was already living under a State of Emergency against external threat: now Mrs. Gandhi has collected complete powers against an internal threat. An unknown number of opposition and even Government MPs have been arrested and total Press censorship applied.

In so doing Mrs. Gandhi has put Indian democracy on a slippery slope, from which it will be difficult to recover. With hindsight, the emergency seems the logical if not the inevitable conclusion of the course Mrs. Gandhi has been steering. In recent months India's economy has continued to decline and Mrs. Gandhi's own position has been reeling because of falling personal popularity, a determined and growing attack by the combined opposition and the threat of being removed from office and politics completely by a court action.

In the best tradition of Indian democracy Mrs. Gandhi could have let things ride. She could have waited and accepted with good grace the verdict of the Supreme Court on her appeal against conviction and dismissal from office for corrupt electoral practices. She could then have gone on, or handed over to a successor if she was disqualified, to face the electorate next year and seek a fresh mandate from the Indian people.

## Unprecedented event

This may still happen, but judging by the number and range of people arrested, it rather looks as if Mrs. Gandhi sees such a sweeping movement to undermine her that the emergency will outweigh everything else and may go on for some time. It is certainly unprecedented in the history of independent India. There have been emergencies against external threats before, in the wars with China and Pakistan. There has been imposition of central rule before on individual trouble-maker states. West Bengal and Bihar in particular have had such chequered histories. But there has never been anything on such a national scale involving the arrest of hundreds of prominent figures and the silencing of the press.

Yet this kind of action is in some ways in character with Mrs. Gandhi and her Congress Party. The Nehru-Gandhi family has ruled India right from

Independence to the present day apart from the brief interregnum in which Lal Bahadur Shastri was Prime Minister. Some observers speak of the ruling dynasty or of its "divine right to rule."

But Mrs. Gandhi's position is rather different from that of her father, Mr. Nehru ruled and was venerated because of his special role and leadership in the struggle for independence. But even he had to allow for other personalities like Sardar Patel and the State bosses of the Congress Party who came to enjoy quite considerable local powers.

When Mrs. Gandhi took over as Prime Minister in 1966 she got the job precisely because she looked a weak figure. The so-called Syndicate of local Congress Party bosses were looking for someone who would appeal in the mass electorate and yet who would be pliable enough to obey their instructions. Mrs. Gandhi looked fresh-faced and a refreshing change from the wheedling and dealing old men who were the other candidates: she had little experience of political in-fighting or an independent base.

## Intolerant of opposition

Perhaps because she had to fight so hard for her position, or perhaps because of her proud Kashmiri and Brahmin (the highest Indian caste) background, Mrs. Gandhi has grown increasingly intolerant of opposition. She started first on the old bosses who had put her in power. Back in 1969 she opposed the official party candidate for President of India. Having got her own, less colourful, figure elected President, Mrs. Gandhi then forced a split in the Congress Party to oust the Syndicate bosses.

She clung to office for two years with the help of the Moscow-aligned Communists. Then in 1971, following a good harvest and brandishing the slogan "Garibi hatao (abolish poverty)," she won a smashing electoral victory. By the end of that year India had defeated and split Pakistan in two and established what was widely seen as a client State on its eastern doorstep. Mrs. Gandhi was popularly acclaimed and was virtually Empress of All India.

In spite of this her main preoccupation was still with opposition against her. Mr. Y. B. Chavan, then Home Minister and a powerful figure in Maharashtra, was spoken of as a potential rival—so she disbed him neatly by removing him to the Ministry of Finance. Although it was commonly admitted that he knew virtually



Increasingly intolerant of opposition, Mrs. Gandhi has a proud Kashmiri and Brahmin (the highest Indian caste) background. But she had to fight hard for her position.

nothing about financial affairs and India, saddled with the costs of the war and caring for millions of Bangladesh refugees, was in its biggest-ever economic mess.

She cut what in terms of political management was a splendid swathe through the Indian states, replacing chief ministers who were not ultra-loyal to her. Frequently an individual State lunged from one crisis to another as Mrs. Gandhi found that the minister she had originally selected was not loyal enough. Sometimes she had to remove a chief minister because he was more than usually incompetent. She has been rather good at political butchery.

It is clear also that the Indian Prime Minister became increasingly intolerant even of dissent. All India Radio, the national

broadcasting network, has become popularly known as All India Radio. Mrs. Gandhi waged a campaign against the Press barons whom she said were out to destroy her and prevent her from tackling India's problems, though in fact at least two of the newspapers in the capital are staunchly behind her. She has a tendency to think that anyone who opposes or questions her view is aiming at subversion. It is an aspect of her haughty life and of her role, and has emerged several times recently.

During the Bangladesh struggle Mrs. Gandhi was questioned by a BBC reporter about the claims of several experts that Indian troops had crossed into the then East Pakistan to assist the local Bengali freedom fighters. She sullenly denied the

charge but clearly resented that she the Prime Minister of India should be pressed so fiercely and cross-questioned. As she came off the air Mrs. Gandhi almost hissed in the reporter's face that "you British will never understand us Indians."

One of the papers loyal to Mrs. Gandhi recently expressed the quite well the claim that the Prime Minister is someone special. Commenting on her High Court conviction for corrupt election practices it said: "There is a higher court than the high courts, and Indira Gandhi is not a mere Prime Minister. She represents causes and issues which shape history, and she has always wanted to be nearer to history than to office."

Indeed, Mrs. Gandhi shares the view that she has a prophetic role. She said of her childhood: "All my games were political games. I was like Joan of Arc, perpetually being burned at the stake." It was a theme she returned to in her broadcast justifying the emergency: "I am sure you are all conscious of the deep and widespread conspiracy which has been brewing ever since I began introducing certain progressive measures of benefit to the common man and woman of India. In the name of democracy, it has been sought to negate the very functioning of democracy. Duly elected governments have not been allowed to function... All manner of false allegations have been hurled at me. The Indian people have known me since my childhood. All my life has been in the service of our people. This is not a personal matter. It is not important whether I remain Prime Minister or not. However, the institution of the Prime Minister is important and the political attempt to denigrate it is not in the interests of democracy or of the nation."

## Opponents arrested

As to Mrs. Gandhi's charges of conspiracy, she has so far produced "little evidence," and had such a large number and broad cross-section of opponents arrested as to make that claim at first sight doubtful. Because of the news clampdown, the exact numbers of those arrested are not known but latest reports put the figure at 676. They include the extreme left and the extreme right, at least one newspaper editor and the young turks of Mrs. Gandhi's own party.

She also accused her opponents of plotting her from getting on with the programme of abolishing poverty and establishing socialism. Any serious assessment of this must include Mrs. Gandhi's own pre-occupa-

tion with politicking which has distracted her attention and absorbed her energy. It must also take account of the fact that Mrs. Gandhi has done virtually nothing to alter the basis of the Congress Party which still depends on big business houses for its election funds and the bosses of which are still considerable representatives of the landowners and other vested interests. All this lessens the seriousness of the Congress Party's professed concern for socialism. It also leads to sympathy for Jayaprakash Narayan and Moraji Desai, two of the arrested leaders of the anti-corruption campaign. Both are extremely idiosyncratic not to say cantankerous old men, but with a reputation for upright dealings.

## Popularity waning

The more interesting question is whether Mrs. Gandhi can in any sense "win" her struggle. If she is thinking hard about returning to full parliamentary democracy with the freedom of the press, she will have a tough struggle. Her popularity has been clearly waning fast. India has no reliable opinion polls, but the mass-circulation Illustrated Weekly of India recently held a poll to discover the "most outstanding Indian of the year." Mrs. Gandhi came second to Jayaprakash Narayan. She convincingly lost the important Gujarat elections, had a court conviction hanging over her, with a still declining economy and general elections only months away.

If she wants to win a general election—provided that it is free—early next year, she will have to produce some evidence and make her charges stick against the alleged conspirators. If she plans to continue with her clampdown she probably has a better chance.

The potential centres of opposition are the official Opposition, now leaderless: the Chief Ministers of the States—all except Tamil Nadu and Gujarat ultra-loyal to her and those two could be put under President's rule; the army—which has never played a political role and whose commands are deliberately split to prevent a coup; and the civil service—probably too disparate to organise an opposition quickly. It is also interesting that in the past few weeks Mrs. Gandhi has been busy reorganising and shifting important figures in the Home Ministry, intelligence and police services. But if she does continue with the clampdown, it may spell the end of the democratic system in India.

The Generals will obey: Page 5

## MEN AND MATTERS

## Banks completes a trio

It should be third time lucky for Sir Maurice Banks, who has tried to retire twice before. He leaves the chairmanship of the Laird Group on Monday, thus completing a career which began with his joining BP when it was still called Anglo-Persian Oil, in 1924. The happy thing is that his last role, at Laird, was perhaps the most dramatically successful. The one aggravation he takes with him is the thought of Laird's shiprepairing subsidiary being nationalised.

"Nothing ideological," says Banks of his objections, though he admits to feeling "a bit sick" at seeing something which his team has saved from collapse and brought into profit being taken away from them. It is a matter of management, Laird having once before suffered from its shipbuilding (now managed and half-owned by the Government) being linked to the repairing side.

That, Banks says, is like British Leyland owning service garages. Shiprepairers "cannot be successful unless they maintain a flexibility and speed of operation which is wholly incompatible with a unified and central control." This he thinks, applies significantly at union level, because a flexibility of crafts is accepted in repairing where people never know in what shape a ship will come in, against shipbuilding where all demarcations can be settled on the drawing board.

But shiprepairing, plus the aviation interests, contributed less than a quarter to Laird's profits last year, so Banks can still leave a group in decidedly better shape, notably in its cash position, than when he arrived in 1970. At that point it was all

but bust. Its revival is arguably the best achievement of the last Labour Government's Industrial Reorganisation Corporation, the Conservatives' abandoning of which Banks calls "a grave mistake."

It was the IROC chairman, Sir Joseph Lockwood, who put together the perhaps unlikely combination of Banks and John Gardner, one of the IROC team called into the ailing Cammell-Laird, to save the group as chairman and chief executive. They are 35 years apart in age, but, having sacked almost all the old board, they formed the new management style, with a small central team, which has worked so well. Not surprisingly, each thinks highly of the other.

Banks, at nearly 74, is now set on playing some golf and visiting his daughters in the U.S. Mind you, he was meant to be out to grass at 65, having retired as a deputy chairman and managing director of BP. What caught him a few months later was chairing, for three years, the Committee on the Patents System and Patents Law which produced a massive report with 120 detailed recommendations. So from BP to a government committee, to an IRC-inspired reconstruction job has produced a most unusual trek through the private and public sectors.

## BP's Royal observer

Prince Charles yesterday attended the BP Board meeting. This is not yet another complication in the "Who Governs Britain?" saga. The Royal presence was simply the result of Prince Charles having met Sir Eric Drake and saying he would like to hear how a Board ran its discussions

and made its decisions. So Prince Charles stayed for lunch and the Board meeting at Britannic House.

Unfortunately for precedent lovers, Tom Jackson, the Postmen's leader recently appointed a Government representative on the BP Board, could not be there yesterday.

## Close

Rentokil Group announced this story officially yesterday, so the company must be proud of it in some way. Callers mis-dialling by one digit Rentokil Extreming Company Inc in New York get the FBI. Both can deal with bugs, I suppose.

## Beecham going public

Frederick Beecham, chief investment manager of the Public Trustee Office, sounded distinctly jaunty yesterday about going into public print on the subject of Coats Patons' passed dividend. Even in those days of participation and so forth, the imposingly official title of his department of the civil service looks a little out of place at the foot of a letter to the papers.

"Yes, it is rare," said 45-year-old Beecham (a steady riser through the Office since he joined in 1948). "It depends on the strength of the case. But as a question of policy we are ready to do this."

His letter criticises Coats' Board decision to issue shares instead of paying out a cash dividend, pointing out that the scrip counts legally as capital and cannot be sold for the

benefit of income beneficiaries. Institutions may stand to suffer, as the strength of protest so far underlines, but trust income beneficiaries may regard Coats' detailed promises on future dividends "as an admission or error without full amends."

Are trust beneficiaries generally considered important when it comes to board decisions on dividends? Almost certainly not in most cases, Beecham thought. To become eligible as a trust investment a company must have a capital of at least £1m, and have five consecutive years of dividend-paying behind it. Quite a Biblical turn of phrase comes on Beecham when he talks about the Coats' case: "You could call it good husbandry on their part. It is a bad thing to eat your seedcorn, but better to do that than to starve."

Copying an example set by New Zealand in 1987, the British Public Trustee Office was started soon after the turn of the century, a part of Edwardian social reform aimed at banishing the prospect of rascally uncles making off with innocent young relatives' fortunes, suggested Beecham. However, the last Conservative Government reckoned on phasing the Office out, leaving private enterprise to take care of private trusts. Labour has revived the Office, which currently administers £150m, and Beecham said a new advertising campaign, after two years' silence, is under discussion.

## Yuk

The latest items of junk mail sent to Americans from computerised address lists are dog clothing brochures for householders' dogs. The sales letter enclosed begins: "Dear Doggie Pal."

Observer

## NGHANGA CONSOLIDATED COPPER MINES LIMITED

(Incorporated in the Republic of Zambia)

## QUARTERLY REPORT

## ESTIMATED OPERATING AND FINANCIAL RESULTS

	Quarter ended	Year ended	Year ended
	31.3.75	31.3.75	31.3.74
PRODUCTION (Tonnes)			
Copper	99 375	408 666	408 753
Lead and zinc	17 771	79 504	81 342
SALES (Tonnes)			
Copper	101 116	396 160	397 385
Lead and zinc	22 206	75 930	81 213
Average proceeds per tonne:			
copper	K 842	K 1 087	K 1 300
Lead and zinc	K 98.0	K 479.4	K 555.0
Sales Revenue—all metals	95.8	339.8	275.8
Cost of sales	2.7	139.6	279.2
Share of profits less losses of associated companies	0.2	0.8	0.7
Interest payable, less receivable and other income	(1.9)	(3.6)	(3.4)
Taxation	0.5	136.8	276.5
Profit after taxation	(4.9)	78.0	144.0
Extraordinary items	5.4	58.8	112.5
Unappropriated profit brought forward	(0.3)	(0.3)	0.7
	12.1	7.8	7.4
	17.2	66.3	120.6
APPROPRIATIONS:			
Capital expenditure	7.6	39.6	46.0
Repayment of currencies	(2.7)	(2.7)	(0.3)
Preference shares redemption and dividends	—	0.1	6.1
Ordinary dividends	—	17.0	67.0
Profit Retained	12.3	12.3	7.8
	17.2	66.3	120.6

## NOTES:

- Taxation for the March, 1975 quarter has been adjusted to include an overprovision in respect of previous years shown in the December, 1974 quarter results as an extraordinary item.
- The extraordinary item is the currency loss arising on foreign loans.
- On 31st March, 1975 K1=U.S. \$1.5565 and K1=U.K. £0.64518 (31st March, 1974, K1=£0.650995).

Lusaka, Zambia.

26th June, 1975



# FINANCIAL TIMES SURVEY

Friday June 27 1973

## CHICAGO

Chicago is one of the biggest wheels in the U.S. economy, a huge centre for manufacturing, distribution and other services. The recession has inevitably slowed its momentum but has not impaired the basic self-confidence of its citizens.

AMERICA HAS started celebrating its bicentenary as an independent nation in a sombre mood this year. The economy is in the deepest recession since the 1930s, with unemployment already running at levels far higher than most Americans now alive have ever seen before. It is expected to rise higher still before the end of this year, and to stay well above the rates commonly regarded as acceptable for much of the rest of this decade. At the same time the end of the war in South-east Asia (or at least of U.S. claims to a leading role in determining the course of events there) has shaken the national self-confidence like nothing else in its history. America is no longer a country that assumes it has all the answers; instead, it seems to be absorbed in a process of deep and sometimes painful self-examination.

### Tallest

There are few better vantage points than Chicago to see what is going on in America today. That is true both literally—the city possesses the world's tallest building, the 1,450-foot Sears Tower, and two others barely a head shorter—and metaphorically. For Chicago, often described as the most American of all American cities, not only displays plenty of the doubt, introspection and uncertainty to be seen elsewhere in the country. It also offers a timely reminder of how America sets about the business of living when it is in more optimistic mood—building, improving, getting on with the job in hand, restless in its constant search

for new ways to grow and to expand. Chicago today has become the hub of the U.S. It is at the very centre of the country's transportation network, a role that it has had since the earliest beginnings of agriculture in the Mid-West. In the mid-19th century established the need for a port, market place and supply centre. The grain trade itself is now less predominant than it used to be, with much of the export traffic passing instead through the Gulf ports. But the opening of the St. Lawrence Seaway ensured that Chicago, strategically placed between the Great Lakes and the vast inland waterway system of the Mississippi and its tributaries, retained its importance as an international trading centre.

Still more important is the city's role in the railway system of the North American continent, where it remains the single most heavily used transfer point, linking lines from north to south and from east to west. In more recent years the completion of most of the U.S. Interstate highway system has added road transport to the long list of "firsts" which Chicago can claim. The continued growth of domestic air traffic has reinforced the primacy of O'Hare Field as the world's busiest airport and made certain that, whatever the competition offered by such new interchange points as Dallas/Fort Worth or Kansas City, Chicago will remain for a long while the city to beat.

But the city thrives today not only as a crossroads for the U.S. It has made itself no less important as a centre of manu-

facturing, processing, buying and selling, banking, insurance and the list is almost endless. Forty per cent of the country's manufacturing industry lies within a 500-mile radius of Chicago, and though that definition includes, for example, such places as Detroit which would it will during the second half of this year—the diversity of the Chicago region should once again stand it in good stead. An

Overall unemployment has not, however, risen significantly higher than the national average. Once the U.S. economy begins to show more positive signs of recovery from the current recession—as most observers believe it will during the second half of this year—the diversity of the Chicago region should once again stand it in good stead. An

ing and scholarship in the world, is the doyen of a group of institutions that also includes such distinguished members as Northwestern University and the new Circle Campus of the University of Illinois.

Beyond these outstanding features of its cultural and intellectual life is the infinite variety of people and activities that adds up to a great metropolis. For the rest of America—and indeed the world—the cinema's recent gaudy recreation of the Chicago of the gangster years and Prohibition is one obvious facet. Mayor Daley's enduring machine politics, the object of both mistrust and fascination among Democrats elsewhere, is another side to the city's personality. Against it must be set the

upswing in demand either for consumer durables, such as television sets or refrigerators, or even for the vast miscellany of smaller and less visible items from which the city makes its livelihood, would be quickly felt.

What is already striking, however, is the fundamental self-confidence with which Chicago regards the future. Its resourcefulness and enterprism remain strong at a time when the business ethic is under heavy criticism in America. Chicago is a city where making money is taken very seriously indeed. Not, of course, that it thereby excludes other interests. For Chicago is also one of the very few American cities with an incontestable claim to world rank as a centre of artistic, cultural

and intellectual life. The Chicago Symphony Orchestra, the Art Institute and the vast and still increasing architectural endowment founded by Louis Sullivan and Frank Lloyd Wright, all attest to the extraordinarily high standards of achievement Chicago can reach when it has a mind to. The Chicago's immense wealth enjoyed more widely by its citizens.

mercely determined tradition of Chicago reformers to improve social conditions and to work for racial justice: the Rev. Jesse Jackson's PUSH movement (People United to Save Humanity) is only the most visible of many groups who want to see the fruits of the Chicago's immense wealth enjoyed more widely by its citizens.

process has not gone nearly so far in Chicago, and the city is united on the need (if not on the means) to stop it going any further. Typically, Chicago is launching the biggest and most comprehensive scheme of inner city renewal proposed anywhere in the U.S. in order to reverse the flight from the centre that has been the essential feature of American city growth in the past quarter-century. If the Chicago 21 project works—and there is much reason to believe that history is on its side—its supporters in City Hall and in the business community will have proved that with careful planning, money and above all determination, the traditional city can be saved from the vicious circle of debt and poverty that has trapped New York this year.

Yet Chicago is financially in relatively good shape, with its cherished A-rating in the bond market intact, even while other cities are staring bankruptcy in the eye. Mr. Daley has known how to squeeze the last dollar out of Washington and out of the State of Illinois to help meet his city's bills.

Much will now depend on how the Mayor uses his almost unequalled powers as he enters his sixth four-year term. There will be intense interest in any plans he appears to be making for his succession. For Chicago's relative health and vigour will need to be nurtured and encouraged carefully if even this strongest of American cities is to meet its potential to the full.

Controversy

Mayor Daley, though he remains a figure of controversy in Chicago no less than outside it, is by common consent given the major credit for keeping Chicago a "city that works." In his two decades of office, the Mayor has been responsible for a staggering amount of new building for highways, public housing and public services. And he has had much to do, too, with creating the climate in which Chicago could flourish as a centre for business, banking and industry.

That is not to say that the record has been a wholly successful one. Chicago's educational system is in a grave state

of disarray. Its vast public housing programmes, intended to ease the problems of the millions of mainly black Chicagoans living in squalid conditions, have seemingly done little to ease crime or increase family stability. The system of neighbourhoods which grew up with the city's rise during the last century continues to be eroded. And in recent years the Mayor has appeared to make several false moves. In 1973 he suggested a tax on the huge volume of dealings on the commodity and stock exchanges, only to withdraw after the exchanges' leaders threatened to move elsewhere. More recently, he has imposed a head tax of \$3 a month on employees, which has hardly helped the drive to create new jobs in the inner city.

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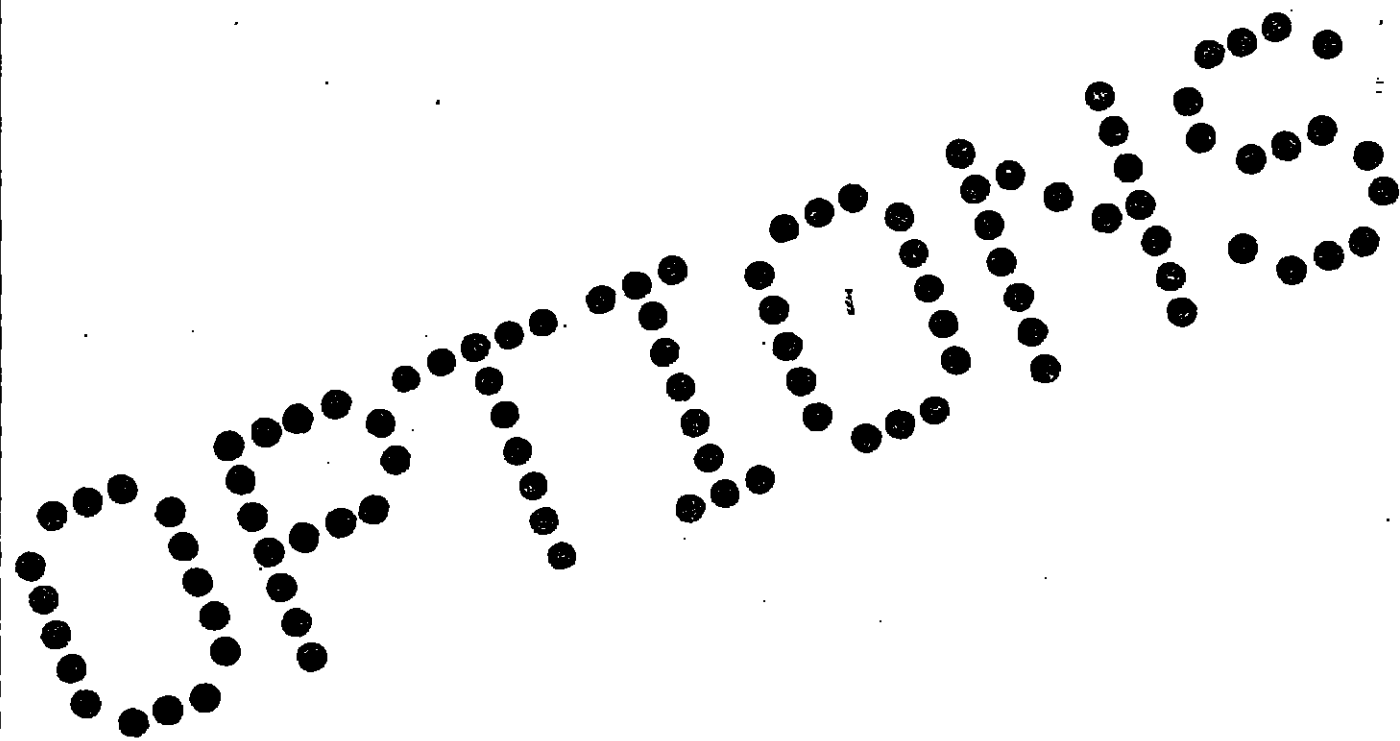
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## CHICAGO II

## One-man politics

LAST May 15, anyone travelling from O'Hare airport into central Chicago along the John F. Kennedy Expressway could hardly have failed to notice a pair of vast, pink lips. The Magikist company, advertising its line of cosmetics to the world, had also installed a large digital display board. The message it was flashing that day, however, was not a slogan, but the words "Happy Birthday, Mayor Daley." Far away on the south side of the city, near the Irish neighbourhood where the Mayor of Chicago has lived all his life, restaurants advertise themselves as being "only a block from the Mayor's birthplace."

Tasteless, quaint or touching as such stuff may seem, it illustrates the degree to which Chicago politics in 1975 remains dominated, as it has been in each of the past 20 years, by one man. Richard J. Daley was 73 on his last birthday, and he had just been re-elected for an unprecedented sixth four-year term. At the tail-end of a two-year chain of scandals, touching many of his allies, and only six months after he had recovered from a stroke, he had proved once again to be politically indestructible. At a time when many cities in America are in deep trouble, the voters of Chicago, prompted as always by the myriad voices of the Democratic Party Machine, vote out. In the Democratic turned once more for reassurance to the man who gladly real



Mayor Richard J. Daley, who has just been elected for his sixth four-year term of office.

takes the credit for making this a "city that works." Yet this year's election victory was not quite the same as on previous occasions. The Machine itself showed signs of age, and of having a little more trouble than before getting the Democratic Party Machine, vote out. In the Democratic turned once more for reassurance to the man who gladly real

popularity, his liberal opponent, Mr. William Singer, managed to get 29 per cent. of the vote in the Mayor's 58 per cent. And in neither the primary nor the general election did Mr. Daley have the customary endorsement of the Chicago Press — a slight he is unlikely to forgive in a hurry. Since his return to City Hall support at the polls. Over the

years Mayor Daley has used this system to fill almost every one of the tens of thousands of jobs in the Chicago and suburban Cook County governments with people who are thus beholden to him, and who can be depended upon to do their bit on election day. There are good historical reasons why Machine politics first flourished in cities like Chicago, where the watertight immigrant communities of the late 19th and early 20th centuries had little experience of the electoral process, and thus tended to turn to leaders and power-brokers of their own nationality to settle their problems with municipal governments. At its most efficient, a Machine can still function as an invaluable channel of opinion, up and down, on the issues of the day. And it can get things done.

## Patronage

Mayor Daley has got many things done in this two decades at the top of this vast pyramid of patronage, building expressways, water treatment and sewage systems, the huge O'Hare Field airport, and a vast public housing programme. He has also proved skilful at getting much of this paid for either by the Federal Government or by the State of Illinois: perhaps his proudest achievement of all is to have maintained Chicago's A-1 bond rating at a moment when New York is in all intents and purposes bankrupt.

In the national political arena, where Daley played a leading part in Democratic presidential convention bargaining earlier in his career, his reputation has still to recover fully from the traumatic experience of the 1968 gathering in Chicago, where the Mayor ordered savage police action against anti-war demonstrators, and from the humiliation of the 1972 convention, where Alderman Singer and his supporters got the Daley-picked Illinois delegation unseated. Next year, however, may see him make a comeback as a party king-maker, if the present crowded field of presidential hopefuls leads to a "brokered" selection. Mayor Daley showed his face at the Democrats' mid-term mini-convention in Kansas City last December, and received a surprising warm welcome from

the largely liberal delegates, when he went out of his way to appeal for an end to the party's bitter divisions of recent years.

While no one doubts the Mayor's capacity to use power and to tighten his grip on it still further, there are grave doubts among many Chicagoans who have supported him in the past about whether he now has enough flexibility in two important areas to do the right thing for his city. The first, and perhaps most pressing, question is whether Mr. Daley is the man to recognise and meet the human problems of Chicago, and especially the question of relations between whites and blacks which, as in other American cities, are never far below the surface. In the school system, where the Mayor came under some of the heaviest attack of his career from Mr. Singer during the recent campaign, there is disturbing evidence of rigidity and falling educational standards, while little has been done to overcome the problem of racial segregation.

Indeed, Chicago has often been called the most segregated City last December, and received a surprising warm welcome from and the Mayor is given much that might have been applied

to them. What is held against him by his critics is that, unlike most other American municipal politicians, he does wield real power which he has been reluctant to apply to problems. As the charge is often expressed, he has spent too much of his time on bricks and mortar for the sake of pleasing the business community and the city's construction unions.

## Promising

But the second major question to which Chicago is beginning to pay more attention is whether the Mayor has thought enough about the purely political future. Several dozen promising young men over the years have been singled out as potential heirs to his throne, yet none has apparently survived long enough to be groomed to take over when Mayor Daley is no longer on the scene. It would be ironic indeed if Mayor Daley's final bequest to Chicago turned out to be a power vacuum in City Hall.

A.D.



## Consolidated Statement of Condition

ASSETS	March 31, 1975
Cash and Due from Banks.....	\$ 435,177,500
Time Deposits in Other Banks.....	136,254,470
Federal Funds Sold and Securities Purchased under Agreement to Resell.....	612,613,963
Investment Securities:	
U.S. Treasury Securities.....	263,238,197
State and Municipal Securities.....	305,116,614
Other Securities.....	5,571,714
Trading Account Securities.....	126,824,867
Loans.....	1,847,524,925
Direct Lease Financing.....	53,435,849
Customers Acceptance Liability.....	67,989,594
Bank Premises and Equipment.....	84,992,555
Other Assets.....	62,849,449
<b>Total Assets.....</b>	<b>\$4,001,589,697</b>
<b>LIABILITIES</b>	
Demand Deposits.....	\$1,220,078,153
Savings Deposits and Certificates.....	615,945,817
Other Time Deposits.....	800,541,350
Deposits in Foreign Offices.....	301,401,924
<b>Total Deposits.....</b>	<b>\$2,937,967,244</b>
Federal Funds Purchased and Other Short Term Borrowings.....	606,724,944
Acceptances Outstanding.....	67,993,358
Accrued Interest, Taxes and Other Expenses.....	42,414,612
Mortgage Payable.....	4,069,909
Other Liabilities.....	58,360,047
<b>Total Liabilities.....</b>	<b>\$3,717,530,114</b>
<b>RESERVE FOR POSSIBLE LOAN LOSSES.....</b>	<b>\$ 40,104,878</b>
<b>CAPITAL</b>	
Capital Stock (\$16 Par Value).....	\$ 50,205,040
Surplus.....	83,809,160
Surplus Arising from Assumption of Convertible Capital Notes by Parent Company.....	24,170,700
Undivided Profits.....	85,769,805
<b>Equity Capital.....</b>	<b>\$ 243,954,705</b>
<b>Total Liabilities and Capital.....</b>	<b>\$4,001,589,697</b>

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CHALKLEY J. HAMBLETON  
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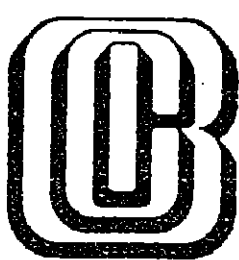
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## CHICAGO III

## Banks' new prominence

CHICAGO HAS made itself within the past few years into an international banking centre second only to New York among American cities in the range of services it offers to customers, and probably now well ahead of older centres such as San Francisco or Philadelphia. The city's banks, which include several of the largest and most vigorous institutions in the world, began their own expansion overseas in the late 1950s, in common with many other American banks. They are now to be found installed in every continent, engaged in every facet of international banking activity—though it is still fair to say that London remains the most important single focus of their overseas activity. Chicago banks have made themselves prominent in the Euro-currency markets, in international medium-term financing and in the growth of international trade and investment.

Since October 1, 1973, Chicago banks have been joined on their home turf by a growing number of foreign banks. By last month, some two dozen foreign banks had established themselves in the Loop, taking advantage of the change in the Illinois State banking code which permitted them for the first time to open branches rather than representative offices. The change was one that Chicago bankers had long sought to bring about, and they have given a warm welcome to the foreign institutions, with whom they had in many cases already enjoyed close business relations for some years before the change in their status was finally approved.

## Active

The foreign banks have set up their branches in different ways and for different purposes—though all are limited to one address which must be within the traditional downtown financial district. Some of the foreign banks have come to the mid-west in the wake of their major corporate customers, while others have identified the rapidly growing Chicago metropolitan area, with its vast hinterland, as a prime prospect for developing new business, with many opportunities to put their world-wide contacts and expertise to profitable use. Others again have set out to serve the needs of large communities in Chicago of immigrants from their own home countries. Thus far, all of them appear to be thriving, and the Illinois Commissioner of Banks and Trust Companies is said still to have a steady stream of additional applications to consider from foreign banks anxious to get a foothold.

Each time the issue comes before the Illinois State Legislature in Springfield that they would win the day. So far, this has not been the case, and the political clout which the more numerous small banks of the state have been able to wield has allowed them to confine such giants of the industry as First National Bank of Chicago, Continental Illinois, Northern Trust or Harris to a single place of business. Various offers of compromise by the bigger banks, or of a branching process spread out over many years, have failed to make any headway.

## Salutary

Both incidents have also provoked, understandably, a good deal of wisdom-with-hindsight. Some Chicago bankers can claim to have felt uncomfortable about Herstatt, in particular, well before the bank's difficulties became public knowledge. Others did not manage to escape entirely unscathed from the foreign exchange problems of the German house. All can now agree, however, that the Herstatt affair has had its salutary effects for the international banking business, forcing on the foreign exchange and Euro-money markets a badly-needed degree of caution and discipline, from which they are already emerging stronger.

While the Herstatt affair caused American banks to tighten their precautions in doing business abroad, the aftermath of the Franklin collapse was felt much closer to home. While it is clear that the more extravagant fears for the stability of the U.S. banking system were greatly exaggerated, there can be little doubt that the industry has emerged more stable for the rigorous scrutiny that has been made of every area of business and of virtually every commitment. Chicago bankers, like those elsewhere in the U.S., have set up machinery to keep a constant eye on the management of their assets and on the cost of every transaction they undertake.

At the height of the Franklin affair, there was some concern outside Chicago that its banks might find themselves especially hard-pressed because of their heavier dependence on purchased funds—a fact that in turn reflects the difficulty they have always had in broadening their retail deposit base while limited by law to a single place of business. This concern, however, was never shared by Chicago bankers themselves. Nor was it taken seriously by Federal Reserve officials whose function it is to keep bank asset structures under review. Both make the point that hard and fast guidelines, applicable to the widely differing legislative conditions of the 50 states, are almost certainly an illusory goal of those who seek to prevent any recurrence of the Franklin case. In any event, the big Chicago banks have withstood the recent testing time for the American banking system as soundly as any.

For all that, the constraints of the Illinois banking code remain a handicap. The Chicago banks' efforts to repeal the ban on branch operations have become virtually an annual event, with confident predictions

an increasing rate of saving—seen by many as a normal consequence of the recession—Chicago bankers are still actively seeking new accounts. Imaginative publicity schemes offer everything from pot-plants to refrigerators to the depositor.

## Impasse

In the next few months, however, a new element is to be introduced into the Chicago banking scene that may finally break the branching impasse—the establishment by several of the leading institutions of sophisticated automatic banking machines. These will be capable, in the first instance, of handling most standard operations for personal customers and, later, of much more complicated transactions. Continental Bank, which plans to open the first three of these customer-bank communication terminals (CBCT's) early next month, appears ready to take the lead and is keen to see the machines' status brought as soon as possible to a test in the courts.

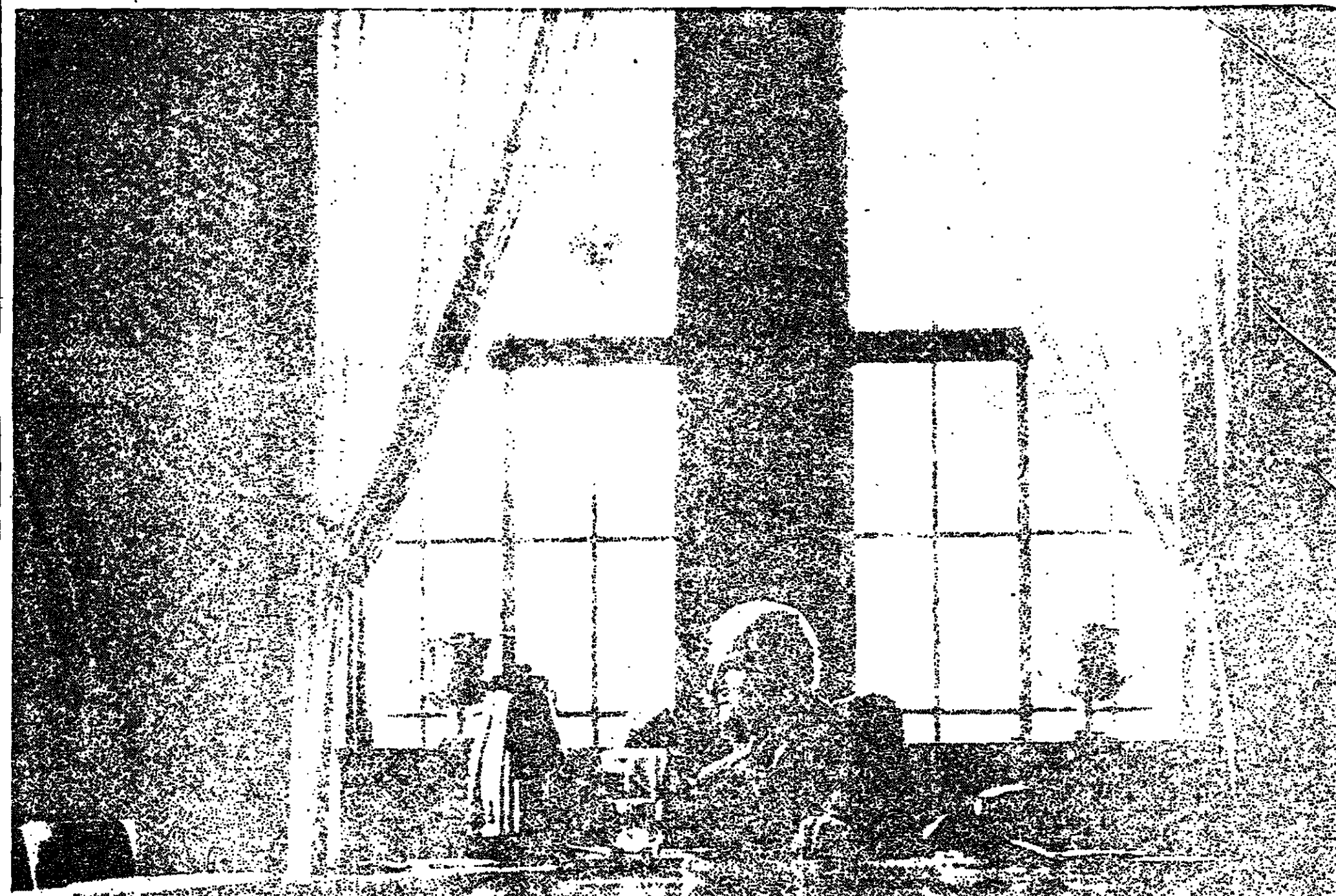
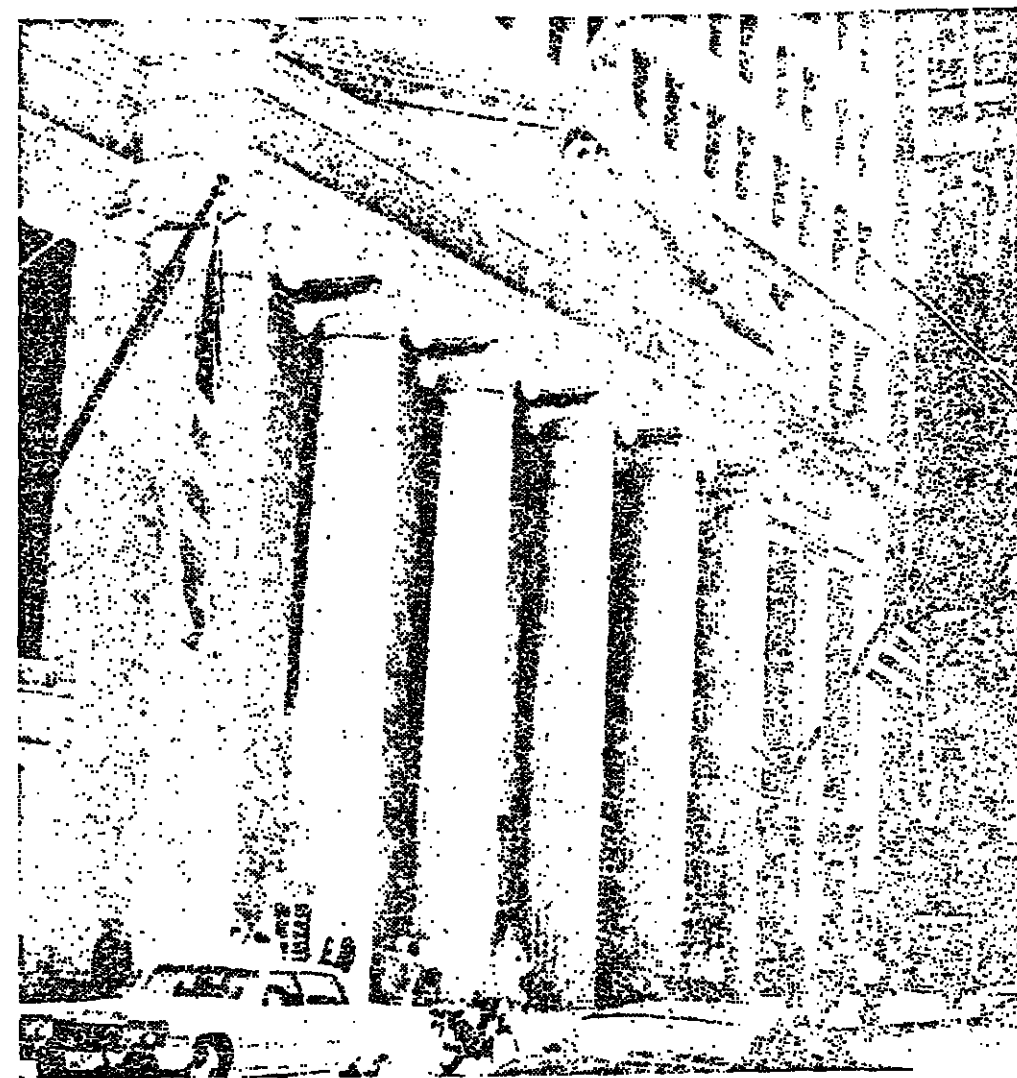
The present expectation is that this will come in the

federal courts rather than in the Illinois state courts, and there are also a number of pending proposals for Congressional action to limit the scope to be allowed the CBCT's. Thus it remains to be seen whether they will be permitted to provide the full range of services of which they are capable, such as interstate transfers of funds under national credit-card auspices.

If the green light is given, many other Chicago banks will be ready to follow Continental's lead: First National and others already have "automatic tellers" installed in their banking halls and report favourable results. The way will be then open for their installation in supermarkets, suburban stations and many other prime spots. Although the prospect is one that the big banks may be quickest to exploit, the relatively low cost of the CBCT machines may, paradoxically, make it easier for smaller banks, such as those in the outskirts of Chicago, to compete downtown with the giants as well as allowing the latter to spread outwards at last from the Loop.

A.D.

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## CHICAGO IV

# The hub of commodity trading

MORE THAN any other city in the world, Chicago has made itself the centre of activity for trading in commodities futures—that fast-moving business, still little understood by outsiders that exerts decisive power over the cost of food on the table for people almost everywhere. During 1973 and 1974, as short supplies within the U.S. and low yields of food crops in other countries combined to drive prices through the ceiling, the Chicago commodity exchanges became for a time the very hub of the world's attention.

This year, as far as anyone can tell, 1974's unlucky combination of late rains, midsummer drought and early frost is unlikely to be repeated. The U.S. Department of Agriculture is gearing up for a year of bumper crops of the main grains and animal feedstuffs, and the prospect is one of relatively stable prices, with correspondingly less extreme concern that much of the world will go hungry. Unless weather conditions in the Mid-west are once again freakishly unfortunate, and projected harvests in other major food exporting countries also fall well below current expectations, the immediate pressure on supplies will be eased, and it may even be possible to take the first steps towards some form of international co-operation that will prevent the danger of extreme shortage, such as the world suffered last year.

For the Chicago markets, such a breathing space will be welcome. The context in which they have to live and operate has changed in a number of significant ways since prices first began their dizzy climb two years ago, and the commodity futures business has yet to draw the full consequences. Meanwhile, what it does have to contend with is the aftermath of a long period of high prices, in the form of widespread mistrust of its whole *raison d'être*, and as a result, fresh political pressure.

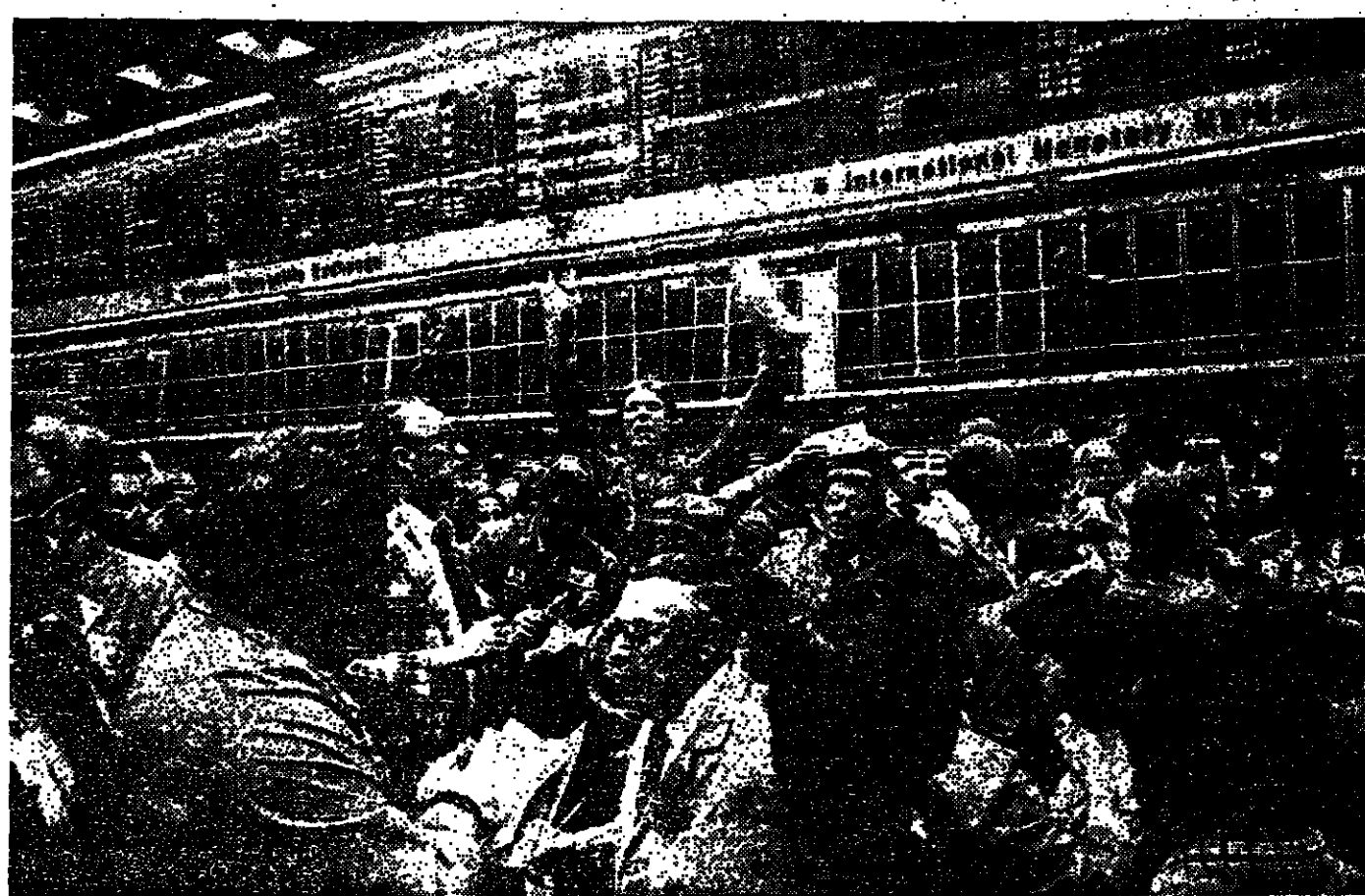
On April 21, a new Federal watchdog came into being with the task of applying to the commodities business a strict set of regulations analogous to those that the Securities and Exchange Commission enforces on the Stock Market. Chicago brokers, through the elected

officers and permanent officials of their exchanges, made strenuous representations to Congress to consider the technicalities and special needs of their business during the period that the new Commodity Futures Trading Commission was being designed. They had some success, and as a result, the official line of most exchange executives and senior traders is to offer the new watchdog a qualified welcome. Privately, many commodity dealers still resent bitterly the imposition of a whole new Federal Government bureaucracy on their affairs, and dispute hotly the unspoken premise that their business has been conducted in such a way in the past as to make tight regulation, in the name of the public interest, necessary.

## Opinion

Whether it has or not remains to some extent a matter of opinion, though exchange officials can point to a relatively low rate of delinquency in the past, coupled with a record of swift and tough punishment of those individual dealers who have been caught in breach of the rules. Yet public mistrust of the futures business, reflected in Congressional determination to submit it to a new degree of scrutiny, did not come about irrationally. Experienced observers of the commodity business trace the beginnings of the bad image it has recently been saddled with back to the notorious Soviet wheat purchases of 1972. One of the consequences of this was to aggravate domestic shortages in the U.S. and to drive prices up—all for what many Americans regard as the very uncertain returns of political détente with Moscow.

Chicago commodity experts account for much of the turbulence which markets have experienced in the past two years by referring to the distortions in the wheat market which the Russian deal engendered. Coupled with the effects of the Nixon Administration's price freeze, and of last year's poor harvests, they argue that the volatility of futures markets, the recurrent waves of panic buying and the long periods of sustained high price levels should not appear, in retrospect, surprising. The American public, lost in the complexities, has tended instead to put the blame on the manipulations of



Trading in progress on the floor of the Chicago Mercantile Exchange's International Money Market.

shadowy speculators. The basic brief of the CFTC, not surprisingly, reflects this view.

Although the new watchdog has not, in its first few weeks of existence, made startling or precipitate changes in the way the commodities markets operate, its actions have indicated a willingness to question some of the fundamental assumptions underlying their way of life. Thus it has called for "economic justification" of their existence, and for demonstration that the relationship of futures to cash prices for the commodities trade is a "meaningful" one.

If this is regarded as a way of flushing out some (as yet undefined) degree of speculation that is regarded as harmful, it may also in practice prove extremely hard to apply. Any commodity market, as the professionals are quick to point out, must contain speculators and hedgers in order to thrive; how is anyone to distinguish in the heat of the moment which speculative orders represent a justifiable view of the future level of a commodity's price, and which are to be

ascribed to mere gamblers? Market experts also argue that relatively small quantities of foodstuffs and animal feeds were actually delivered at the peak levels of the past two years. There was also a good deal of quiet refusal to take delivery—a phenomenon that seems to have been repeated this spring as current crop expectations undermined the high prices levels of some future contracts traded last autumn.

## Divided

At this stage, the CFTC still seems to be feeling its way, and in posing questions as fundamental as these, it is far from being the high-handed, remote creature that some traders fear. The chairman, Mr. William Bagley, a former lawyer and California state politician, has disarmingly admitted that he comes into office knowing little of the commodities business, but emphasising his willingness to listen to all points of view.

He will receive plenty on a subject that has Chicago com-

modity men deeply divided—on which the CFTC has been ordered by Congress to reach a decision within the next few months. This is the vexed question of whether brokers should be allowed to trade on their own account as well as on behalf of their commission-paying customers. If the CFTC follows the paradigm of SEC regulations in the stock market, it will insist that the two functions be separated and that commodity traders who now combine the two activities should choose between them.

The commission houses, whose commodity business is in many cases an extension of their basic livelihood as securities firms, are lobbying hard for just such a separation.

As in so many other matters, however, the commodities market is not as close a parallel to the stock market as is sometimes assumed. An equally vocal lobby of independent traders and of commercial houses (such as the big grain companies) insists that there need be no conflict of interest for the trader who is thinking of his own position in the market, or of his company's export contracts, at the same time as he is buying and selling for clients. The current chairman of the Chicago Board of Trade, Mr. Paul McGuire, a successful

independent trader himself, goes further and argues that any trader not backing his advice with his own money is not worth his commission to his client anyway.

How the CFTC will resolve this difficult and highly controversial issue remains to be seen. Much will doubtless depend on how far commodity men manage to agree among themselves, if the alternative is to have a solution forced upon them by Washington.

Even more important to the industry in the immediate future, as it gets used to a new and more regulated existence, will be the behaviour of markets themselves. Seasoned observers in Chicago are practically unanimous in agreeing that a prolonged period of more moderate prices, and easier supplies of principal commodities is the best thing the industry can hope for in the next year. Historically bear markets have proved harder for the smaller investor to do well in—though the lower margins now required by reason of lower prices may also have the effect of attracting back into commodity trading some of the smaller operators forced out last year by soaring minimum capital requirements.

There is a good deal less emphasis in Chicago these days on the need to attract fresh

capital into the markets, in recognition, perhaps, of the fact that many inexperienced investors got badly burned in 1973 and 1974. Such efforts as the exchange authorities themselves are now making to widen the clientele, that uses their member firms seem for the moment more directed towards convincing farmers, grain merchants and middlemen in the livestock business of the advantages of hedging their risks through the futures market.

Statistics of the exchanges so far this year bear out the impression that the industry has now entered a period of cooling down. On the Board of Trade, still by far the largest financial exchange in the world, the number of contracts traded during the first four months of this year declined by 4.7 per cent., while their estimated value fell by 7.9 per cent. to \$34.8bn. from the comparable period of 1974. Unless there is once again a dramatic change in U.S. crop production from present expectations (as happened last year), it seems unlikely that the still deepening recession of the U.S. economy will sustain anything like the record 14.5m. contracts traded for \$324.9bn. last year.

## Sharply

On the Mercantile Exchange the story has been much the same. During the first four months of 1975 volume fell from 1.7m. contracts traded in 1974 to 1.6m., while estimated value fell more sharply from \$34.9bn. to \$27.6bn.

As both exchanges see it, the way ahead lies in continuing to expand volume and to keep on searching for new contracts to offer. Chicago is not so sure of its present primacy in the commodities business that it does not feel keenly the enhanced competition being mounted from the New York exchanges, to say nothing of those in London, which in recent months have invaded a number of areas, such as soybean meal, in which Chicago has long held a virtual monopoly.

In looking for new areas of business, of course, the main event of the current year has been the institution of gold dealings on the Board of Trade, the Mercantile Exchange and a number of other U.S. commodity exchanges, following the lifting of restrictions at the end of 1974 on ownership of the yellow metal by American citizens. To the immense relief of the U.S. Treasury, the gold market has turned out to be much smaller than long-time "gold bugs" had been confidently predicting.

All the same, it has brought brisk business, to the Chicago Mercantile Exchange in particular, whose International Monetary Market has made itself consistently the most active of the five U.S. commodity exchanges trading gold. In the first four months of deal-making, the IMM turned over a total of 111,000 contracts in gold, worth just over \$2bn. This was roughly the same as the value of futures dealings in the Deutschmark and Swiss franc on the IMM, though well below the value of the very active pork bellies, live cattle and live hogs futures markets on the Mercantile Exchange during the same period.

Sponsors of the gold market say they are well satisfied with the way it has developed. Mr. E. B. Harris, president of the CME/IMM, says it has developed more rapidly than any other newly-introduced commodity with the exception of live cattle. Dr. Mark Powers, the man primarily responsible for planning the market, feels that present expectations (as happened last year) are somewhat over-optimistic, and that the summer of 1975, if it seems unlikely that the still deepening recession of the U.S. economy will sustain anything like the record 14.5m. contracts traded for \$324.9bn. last year, a similar contract geared to the means of the smaller investor, has had the next highest volume of dealings, while other exchanges such as the Chicago Board of Trade have done a good deal less business with the \$3 kg. ingot.

Encouraged by the success of the gold contract in its first few months, the IMM is now completing preparations for a daily gold fixing along the lines of the London fixing. Permission from the Department of Justice has been received to go ahead without the possibility of anti-trust action, while negotiations have been going on with the five member firms of the London fixing and with other leading international gold houses to allow the IMM to assess the degree of interest. Exchange officials hope that if the gold fixing plan materialises it will put Chicago firmly on the international monetary map, in addition to its existing market in currency, futures.

Looking further ahead, the Chicago exchanges have plans for several other new contracts. The Board of Trade, which introduced a new Gulf wheat contract in April last year with disappointing results, is looking for ways to alter it in order to challenge the strong position of Kansas City. It is also interested in diversifying into the financial sphere by introducing futures trading in mortgages.

A.D.

## Industry begins to recover

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AS THE second quarter of 1975 draws to a close, the time is at hand when, according to the consensus of economic opinion, the U.S. should start to show clear signs of recovery from its deepest recession since the 1930s. For the Chicago region, that will be welcome news. Although in recent years the extraordinary diversity of Chicago's industrial base had generally kept unemployment below the national average, by the spring of this year it had soared well above the 8 per cent. mark, as it had also done in most other parts of the U.S.

Recession was a little slower coming to Chicago than to some other cities, and its effects have been felt in a manner somewhat different from that in cities such as Detroit, which are overwhelmingly dependent on a single industry. In some respects, according to local economists, the downturn in the national economy has, however, hit Chicago no less hard than single-industry regions. In the steel industry, for example, which produces about 4.5 per cent. of the nation's total production, the full force of layoffs of production workers was not felt until last month, when Inland Steel, one of the region's largest works, was obliged to lay off some 25 per cent. of its 23,000 labour force. In other industries, such as construction, unemployment rates have been running as high as 30 per cent. in the Chicago area. Rates of between 10 and 15 per cent. have been common in certain areas of manufacturing that are particularly sensitive to developments elsewhere—the

consumer durables sector, for example, and the automobile components sector.

From being primarily an agricultural market and shipping point in its origins, Chicago has developed since into an almost infinitely versatile industrial metropolis, with 40 per cent. of the manufacturing capacity of the U.S. within a 500-mile radius, and a good percentage closer than that.

Chicago makes almost everything that the rest of the country—and the world—needs. It has, perhaps, since the departure of the stockyards to Omaha and other centres, come to depend more on steel than on any other single activity, yet the picture is broad enough to make Chicago the national leader in such diverse industries as surgical instruments, musical instruments, machine tools, electrical appliances and mail-order sales.

## Advantage

Thus Chicago feels reasonably sure that whenever the national economic picture does pick up, it will be well-placed to take advantage. The city even hoped to pick up some benefit from the \$100-\$200 personal tax rebate ordered by Congress earlier this spring as a means of stimulating consumer spending—though it is too soon to tell whether these expectations were justified. Last month's survey of consumer opinion by the Continental Bank showed a marked revival of confidence in the Chicago metropolitan area, following two quarters' results of deepening pessimism about the state of the economy. While a good deal of uncertainty remains over employment and personal finances, with some 40 per cent. of the sample forecasting better

conditions ahead in a year's time or so. The survey also showed, however, that many more affluent consumers in the suburbs are inclined to wait until next year before they commit themselves to heavy new expenditure, and that in the meantime they intend to shop around hard for bargains.

So far as business confidence is concerned, the figures are not yet available to chart the effects of the recession on greater Chicago, though few students of the local economy doubt that they would show a marked slowdown. Last year, as the advanced warning signs of a decline in activity, coupled with continued high interest rates, began to make themselves plain, new construction for industrial purposes in the greater Chicago area fell to \$309m. from \$451.7m. the previous year. This was due in large part to a much lower rate of investment by the steel industry, which in 1974 spent only \$118.5m. on new plant in the region compared to \$272.7m. in 1973. Excluding the steel industry from the totals, there was a smaller decline, of only about 2 per cent. in investment by other industries. In the chemicals, non-electrical machinery, food, paper and transportation equipment sectors, moreover, there were substantially larger investments in 1974 than in the previous year.

While all this attests to the underlying strengths of Chicago's economy, it has not made for complacency on the part of either civic leaders or business in the region. Chicago is as interested as any of the newer industrial centres of the U.S. in attracting new investment, though unlike most of them, it can also offer an enormous depth of experience in addition to its sophisticated and

increasingly international financial services, its strategic location in the middle of the North American Continent and its place at the heart of one of the half-a-dozen major markets into which distributors and retailers conventionally divided the U.S. The city's banks have been increasingly engaged in recent years in building up their resources and expertise in the industrial development field. So, too, have many of the railway companies seeking to create new business, as well as to make the most of their property interests.

## Foreign

Thus far foreign investment has not made itself especially prominent in the Chicago economy. But the city's well-established commercial and financial connections with the rest of the world, and with Europe in particular, make it certain that the issue will not be allowed to become the political football in Chicago that it has already turned into in some other parts of the country. The relatively new presence of a couple of dozen foreign banks in the city, where they have been given a warm welcome by the local financial community, may be one major step towards an expansion of foreign investment in other areas of the Chicago region's economy. There seems little doubt that it would find many opportunities to participate profitably in an area whose gross metropolitan product, at close to \$70bn., is greater than those of many independent nations, and which seems poised for further growth as soon as conditions permit.

A.D.



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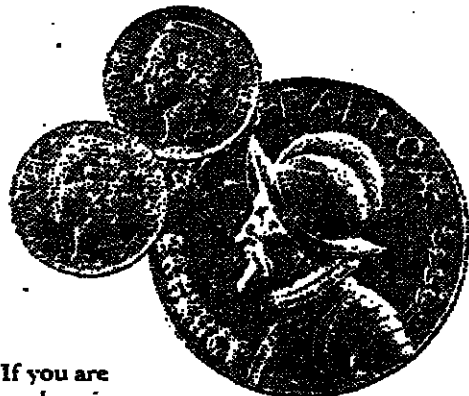
How much is a cluster of maple leaves worth?

In Canada, a cluster of maple leaves appears on the 1-cent piece. 100 cents = 1 dollar. First Chicago is in Canada in Suite 2200, Commerce Court North, Toronto, Ontario.



What is the value of a nickel cigar?

5 cents. In the U.S.A., the five-cent piece is called a nickel. 100 cents = 1 dollar. First Chicago has international operations in Chicago, Los Angeles, New York, and San Francisco.



If you are exchanging Bolivar for Balboa, where are you going and where have you been?

In Venezuela, 100 centimos = 1 bolivar. In Panama 100 centimos = 1 balboa. So you're going from Venezuela to Panama and you'll find First Chicago in both places. At Sabana Grande, Caracas 105. And at Via Espana con Venezuela, Panama 7.

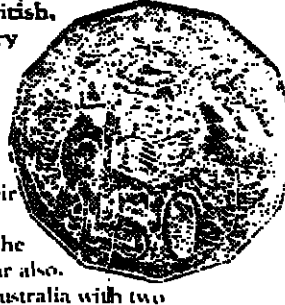
Who turns pounds into piastres?

The Lebanese. In Lebanon 100 piastres = 1 pound. First Chicago is in Lebanon at 59 Riad Solh Street, Beirut, with sub-branches on Hamra Street and Budaro Street.



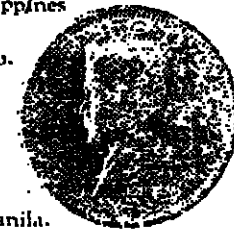
Australia is very British, but its coins are very much like what other country?

The U.S.A. Like Americans, Australians count their money 100 cents = 1 dollar. The sizing of the coinage is very similar also. First Chicago is in Australia with two installations in Sydney and one in Melbourne.



Who changed its pesos to pises?

The Filipinos. In the Philippines the old coinage system read: 100 centavos = 1 peso. Now it reads 100 centimos = 1 piso. First Chicago is in the Philippines in the ODC Building, Salcedo Street, Legaspi Village, Manila.



Which of these two 25-cent pieces is not from the Caribbean?

The one with the windmill is from Barbados. The other is from Jamaica. However, Barbados is actually part of the Windward Island group and is in the Atlantic Ocean. In both countries 100 cents = 1 dollar. First Chicago is in Bridgetown, Barbados; Kingston, Montego Bay and Ocho Rios, Jamaica.



Does 100 pfennig equal a deutsche mark or a mark?

The deutsche mark is used in West Germany. The mark is used in East Germany. Both equal 100 pfennigs, but their exchange value is different. First Chicago is in Germany with an office in Munich and branches in Düsseldorf and Frankfurt.



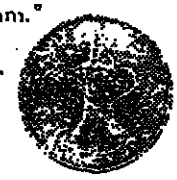
How many lepta in a drachma?

In Greece 100 lepta = 1 drachma. But if you have 200 lepta you don't have 2 drachmas; you have 2 drachmas. First Chicago is in Greece with branches at 13 Panepistimiou, Athens and 2nd Merarchias 13, Piraeus.



Where might you pay for dinner with dinars?

In the United Arab Emirates. This newly formed, oil-rich nation counts its money this way: 100 fils = 1 dinar; 10 dinars = 1 dirham. First Chicago is in the United Arab Emirates on Aruba Street, Sharjah and in Nasser Square, Dubai.



Why does the British Crown appear on coins from Hong Kong, but not on coins from Singapore?

Hong Kong is a British Crown colony. Singapore is an independent state and was part of the Federation of Malaya until 1965. Both count their money 100 cents to the dollar. First Chicago is in Hong Kong at Connaught Centre, Connaught Road Central and in Singapore at 49 Robinson Road.



Where can you spend a colon?

In Costa Rica. Here 100 centimos = 1 colon. First Chicago is in Costa Rica at Edificio Cronos, Av. Central y Calle Tercera, San Jose.



How much heavier is a "heavy" franc?

In 1960 France went to the new or heavy franc monetary system. While the size and weight of the coins has remained the same, the heavy franc is worth 100 times more than the old franc. They are still counted 100 centimes = 1 franc. First Chicago is in France at 12 Avenue Hoche, Paris 8e.



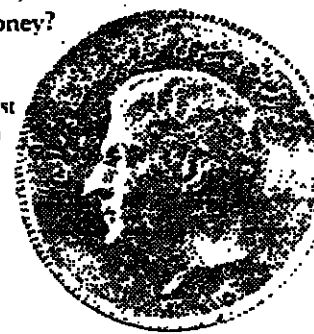
What does a square cross on a coin tell you?

That it is probably from Switzerland. Almost all Swiss coins carry the symbol, which is also known worldwide as the symbol of the International Red Cross, a Swiss originated organization. 100 centimes = 1 franc. First Chicago is in Switzerland at 6 Place des Eaux-Vives, Geneva.



Who has rial money?

Iran. Here 100 dinars = 1 rial. First Chicago is in Iran with an office at 38 Elizabeth Boulevard, Tehran.



What is the difference between an øre and an øre?

The øre is used in Denmark and Norway. The øre is used in Sweden where 100 øre = 1 krona. First Chicago serves Scandinavia from Sweden with an office at Drottninggatan 25, Stockholm.



Would you rather have 10 yen or 10 sen?

In Japan 100 sen = 1 yen. So 10 yen is a much better choice. First Chicago is in Japan at 409 Fujii Building, Marunouchi 3-2-3, Chiyoda-ku, Tokyo.



Where can you change a quetzal?

In Guatemala, where 100 centavos = 1 quetzal. First Chicago is in Guatemala at Edificio Camara de Industria, Guatemala City.



Is a Walloon franc worth more than a Flemish franc?

In Belgium some coins are inscribed "Belgie" to honor the Flemish population and some coins are inscribed "Belgique" in honor the Walloons, or French population. The inscription does not change the value of the coin. 100 centimes = 1 franc. First Chicago is in Belgium at Maria Theresialei 7, Antwerp and 40 Avenue des Arts, Brussels.



How many old d in a new p?

About 2 1/2. In 1971 Great Britain adopted the decimal system; 100 new pence (p) = 1 pound. The former system: 240 old pence (d) = 1 pound. First Chicago is in Great Britain with branches in Bristol, Leicester, Newcastle, London and Edinburgh. We also have a subsidiary in St. Peter Port, Guernsey, and a merchant bank in London.



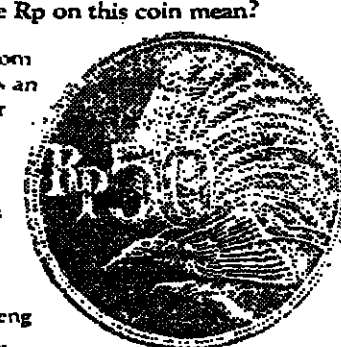
What country uses gulden coins?

The Netherlands. 100 cents = 1 gulden. First Chicago is in the Netherlands with an office at Leidsegracht 8, Amsterdam.



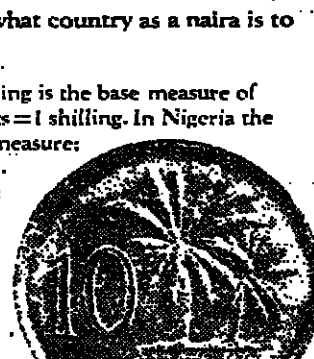
What does the Rp on this coin mean?

It means it is from Indonesia. Rp is an abbreviation for rupiah. In Indonesia 100 sen = 1 rupiah. First Chicago is in the Borobudur Offices, Jalan Lapangan Banteng Selatan, Jakarta.



A shilling is to what country as a naira is to what country?

In Kenya the shilling is the base measure of currency; 100 cents = 1 shilling. In Nigeria the naira is the base measure; 100 kobo = 1 naira. First Chicago is in Kenya on Mama Ngina Street, Nairobi; and in Nigeria at 18 St. Gregory's Road, Lagos.



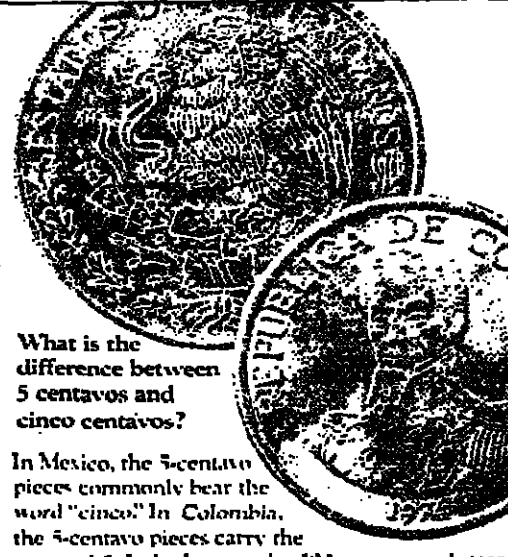
If you have a baht in your pocket, where are you?

In Thailand. Here 100 satangs = 1 baht. First Chicago is an associate of Siam Credit Corporation, U-Chuliang Building, 968 Rama 4 Road, Bangkok, Thailand.



What is the difference between 5 centavos and cinco centavos?

In Mexico, the 5-centavo pieces commonly bear the word "cinco". In Colombia, the 5-centavo pieces carry the numeral 5. In both countries 100 centavos = 1 peso. First Chicago is in Mexico at Paseo de la Reforma 379 Mexico 5, Mexico and in Colombia, at Calle 35, No. 7-25, Bogota.



What is smaller than an Italian lira?

Actually, nothing. Theoretically there are 100 centesimi in an Italian lira. But centesimi are not in use. Everything must be counted in lire and that's why Italian prices always sound so high. First Chicago is in Italy with branches at Via Ferdinando di Savoia 8, Rome and Via Broletto 13, Milan.



What does the date on a Spanish coin tell you?

Not much. Most Spanish coins have two dates. The big one is the year the coin was authorized. The actual year of coinage appears in tiny numbers on a small six-pointed star. 100 centimos = 1 peseta. First Chicago is in Spain at Edificio Cuspidé, Castellana 18, Madrid and Genova 20, Madrid.



What country has musical money?

Ireland. An Irish harp is pictured on all its coins. Ireland adopted the decimal system in 1971; 100 pence = 1 pound. First Chicago is in Ireland at 44/45 St. Stephen's Green, Dublin.



Where is a won saved a won won?

In South Korea. Here the coins are counted in won. 100 jeon = 1 won. First Chicago is in South Korea in the KAL Building, Namdaemun-Ro, Chung-Ku, Seoul.





## CHICAGO VI

# The options exchange

THE RECENT exceptionally that the CBOE, the self-sharp upturn in Wall Street confessed "test-tube baby of the equities, both in share price and securities industry" would die trading volume terms, has in no a premature and largely un-way dented or slowed down the mourned death when the continuing success and appeal eventual recovery in equities of options trading in America, diverted investor interest back While it may no longer be pos- into Ordinary shares. If the sible to describe options as "the last six months is any guide, only securities game in town" the evidence suggests that at least cynics can no longer dismiss the success of the 24- options trading is now growing year-old Chicago Board Options in line with interest in equities. Exchange (CBOE) as "a tem- On any account, it seems as if porary flash in the bear market's pan."

When it was created at the start of the 1973 Wall Street collapse, the CBOE came in for considerable criticism. Options, many argued, were simply investment vehicles for specula- As the first of America's tors and gamblers end, as such, options exchanges, the CBOE they had been a major force behind the great market crash petion. Earlier this year the in 1929. Furthermore, it was American Stock Exchange pointed out, the equity market while similar plans at the new corporate capital, while Philadelphia, Baltimore, Wash- options exchanges are simply ing final testing. But until the worst abuses and manipulations. going the Amex options market In practice, many assumed is still arguably a very

## Competition

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illiquid business, unsuitable for larger institutional deals) and the New York Stock Exchange finally decides on its plans, the CBOE remains (as its new letterhead logo insists) "The options exchange."

But what, one can reasonably ask, is an option? Very simply it is an "option" or "right" to buy (call) or sell (put) at some later agreed date a certain number of shares in a company at an agreed price. After recent additions just this week, the CBOE now trades in call options of 67 companies, and there are hopes that the Securities and Exchange Commission may approve trading in put options later this year.

Of course, options trading has been around for a very long time—records exist of options deals in Amsterdam back in the 1600s. But until the CBOE set up its trading floor and eliminated several of the variables in the deal, each and every option had to be a special tailor-made affair and like all things tailor-made were highly expensive.

What the CBOE did was to create an options market modelled on the commodities futures market of its parent company, the Chicago Board of

Trade. Thus all options contracts were deemed to be for 100 share lots in the company concerned, and expiry dates for contracts were standardised, at the last Monday in January, April, July and October. At the same time, the exchange sets the "exercise prices" (that is the price at which the underlying shares can be bought).

Thus, taking a typical options contract, a Delta Airlines October-35 is an option to buy 100 shares of Delta at \$35 a share before the end of October. With Delta's current market price on Wall Street somewhere around \$30, this particular option costs about \$3. Similarly a Ford Motor-January-40 costs about \$3 per contract with the shares at \$35. The marvellous thing about this exchange is the added mobility and liquidity given to options—no longer is a buyer locked into a deal until expiry but a Delta-October-35 is a Delta-October-35 and can be traded just like any common share.

The price, or premium, of an option will be dependent on two main factors. First, and most obviously, it will react to the share price movement of the underlying stock. As the share price rises the value (and thus the price) of the option will also

go up. The second factor is the remaining length of time before the expiry of the option. As the remaining period decreases and the possibilities of further price rises become less certain and more speculative, the value will fall. What one must at all times remember is that an option will be absolutely worthless if it expires with the share price still below the exercise level.

Like any normal share transaction, an option deal is between two parties—the buyer and the seller (or writer). All available evidence suggests that, for the most part, private individuals make up most of the buyers and institutions the writers. The appeal of the deal is different in both cases.

From the buyers' point of view, an option offers a slim chance of fantastically large profits against a relatively large risk of the total loss of a relatively small stake. It is this high risk/high reward ratio which has attracted the speculators and raised most of the Securities and Exchange Commission's major worries. It ought to be added that, to date, no one has identified any obvious market manipulation, though some brokers worry com-

ment that the CBOE will not really have come of age until it suffers a major scandal.

By purchasing a call option, an investor has effectively bought the right to participate equally in dollar terms in upward and downward movements in that particular company's shares for a limited time. To really understand how the leverage works, let us assume that Delta Airlines' price suddenly rises from \$30 to \$40.

## Varied

The owner of 100 shares in the company has made a \$10 per share profit or a \$1,000 profit on \$3,000. A buyer of an options contract (or 100 shares) has probably made a similar \$10 per option profit (actually it would probably be \$9 or so because of the decreasing time element) giving him a \$1,000 profit on a \$300 investment. Now he could either, assuming the same original cash investment of \$3,000, have trebled his options investment to treble his return or have invested the leftover in high yielding, ultra-safe bonds.

The appeal from the writer's point of view are much more varied and, indeed, much more complicated. Basically, the sale of an option can be used to protect against a decline in the

OPTION DEALINGS		
Period	Average monthly contract volume	Average monthly volume \$m.
May/June 1973	44,000	27.5
3rd quarter 1973	131,000	50
4th quarter 1973	221,000	81
1st quarter 1974	285,000	83
2nd quarter 1974	349,000	91
3rd quarter 1974	549,000	118
4th quarter 1974	700,000	259
1st quarter 1975	938,000	445
April/May 1975	1,222,000	647

NOTES:  
1. Dollar volume figures based on price paid for option.  
2. First and last figures based on incomplete quarter.  
3. Last figure for dollar volume is a conservative estimate.

value of shares or predetermine a sale price months in the future. The basic aim is the reverse of the buyer—in return for receiving a small known certain return (the premium), the writer gives up the slight chance that the shares he owns go shooting up in price.

The institutions are flocking into option-writing as a hedge in great quantities. Computers are being used to work out highly sophisticated games theories. In the end it all adds up to the fact that a writer of options cannot lose. Even if the price of the shares skyrockets, he has his premium and his gain is merely less than it might have been. The one exception to this—there always is one—is the writer of "naked options" that is to say the writer of options sells shares that he does not already own. As with the case of short-sellers of shares, this can be a very expensive exercise in which losses are theoretically unlimited.

From the brokers' point of view, the options market continues to be a bonanza. Seat

prices on the CBOE have risen sharply since the market was founded and, with volume continuing higher, the trend is likely to continue. Commissions on the CBOE are enormous relative to premiumist they are more reasonably measured against the underlying stock), and the market attracts lots of in-and-out deals.

The SEC is still clearly worried about possible abuses, although it has recently unseated enough to allow the CBOE to add extra shares to its dealing lists. Arguments that the CBOE plays no vital role in the capital structure may not have been accurately answered but, at the same time, options do work to make the basic share market less volatile by straining the speculators. While doubts must remain, it makes no sense what-soever to freeze the growth of options now. A much better answer to worries would be to introduce regulatory limitations that could, for example, ban naked options.

Jay Palmer

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# Renewing the inner city

BEYOND THE downtown area of shops, and offices, the huge metropolis that seems to spread as far as the eye can see, even from the 1,450 ft. elevation of the Sears Tower's observatory, is still a city of neighbourhoods to a greater extent than almost any other in the U.S. There has been change and erosion, of course. Some of the old ethnic "villages" have withered as the 19th century European immigrant communities have gradually lost their cohesion, while others have disappeared to make way for Mayor Daley's freeways. Others again have had their original characters sapped as whites have prospered and moved out to the suburbs, and blacks have established themselves. Yet much still survives of the old neighbourhood system, while continuing immigration into the city from Greece, Puerto Rico and Mexico—to name only three countries—seems to be ensuring that it will keep on gaining new additions.

But the neighbourhood system has come to mean more than ethnic diversity, or ticket-balancing at City Hall. City planners and sociologists have come to regard it as a building-block in the complex web of circumstances that make Chicago more vigorous and perhaps more healthy than New York or Detroit—or at least, not quite so far advanced on the road towards economic decline and insolvency. In several quite different ways, Chicagoans are attempting the extraordinarily difficult task of saving and strengthening their city before it is too late, and are using the subtle, constantly changing neighbourhood system as a means of approaching these problems.

## Loop

The heart of Chicago economically, as well as geographically, remains the Loop, with its concentration of offices, banks and department stores. Like similar areas of other cities, it has become an increasingly isolated workplace, however, as more and more of its day-time population have moved out to the centre to the suburbs. What Chicago has now decided to do

is to try to reverse this trend by building a new residential community within walking distance of the Loop where, eventually, it is intended to house 120,000 people.

Chicago is lucky to have the opportunity to think so big. The chance arises from the abandonment of 600 acres of railway yards just south of the Loop, on a conveniently-placed site that is also within easy reach of Lake Michigan and is close to major new roads. Although many obstacles still remain to be overcome before the building operations can begin (including purchase of the land itself at realistic prices), the non-profit company formed by the city's principal bankers, businessmen and civic leaders, Chicago 21, is going ahead with its plans and hopes to break ground next year. Financing is already assured for the \$13m. "down payment" on the first 50-acre phase of the South Loop New Town; the remainder is expected to be raised through revenue bonds, which will be guaranteed by the City of Chicago but will be serviced and redeemed by

income from the New Town itself.

The basis of this enormous undertaking—the largest ever contemplated by an American municipal government—is an imaginative plan prepared by the architectural firm of Skidmore, Owings and Merrill, will no doubt continue to be designers of the Sears and John Hancock towers among other Chicago landmarks. The plan or \$80m., is siphoning off resources that would be better spent trying to improve life in families with school-age children, and it is intended to be within the range of people on medium incomes—between about \$15,000 and \$35,000 in the U.S. context.

If the strategy works as well as its sponsors hope, the services, as it has in many cities, and with similarly debatable results. The Chicago 21 plan is a new approach in families many of the advantages they enjoy at present in the suburbs within a few minutes of the heart of the city. In the inner city, if it works, it could have a ripple effect, gradually leading to the recovery and improvement of other neighbourhoods to the south.

Professor Morris Janowitz, of the University of Chicago, is one leading sociologist who believes the plan has a good chance of success if only because the increasing cost and strain of commuting long distances from ever-further millions of white and black suburbs and dormitories has been done in Hyde Park-Kenwood beginning to show signs of driving people back to the city to live.

It will not be easy for Chicago to meet these conditions. In Moreover, Chicago has a reputation of being a city that works. Chicago decline need not be irreversible. Two decades ago the University problems as other large metro-

politan areas: high and still rising crime rates, a struggling and still heavily segregated school system, vast areas of dereliction and a huge public housing programme that has failed to grapple with the social problems of its tenants. There are no doubt continue to be criticisms that Chicago 21, which could eventually cost \$5 billion, is siphoning off resources that would be better spent trying to improve life in the ghettos of the South Side and West Side.

## Debatable

Much money has, of course, been spent on improving social services, as it has in many cities, and with similarly debatable results. The Chicago 21 plan is a new approach in families many of the advantages they enjoy at present in the suburbs within a few minutes of the heart of the city. In the inner city, if it works, it could have a ripple effect, gradually leading to the recovery and improvement of other neighbourhoods to the south.

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"on purely business grounds," as one man involved in it recollects—not to move its campus from a neighbourhood apparently facing the same fate of slow disintegration as much of the rest of the South Side. Instead, it has remained in the Hyde Park-Kenwood section—where Frank Lloyd Wright did much of his early work—and has made itself the central force in a determined campaign to improve old housing, build new housing and to strengthen the sense of community.

The campaign has a long way to go, but it has also been able to achieve an impressive degree of success. Not least, it has made the neighbourhood one of the few in Chicago or in any other large U.S. city that can be accurately described as racially integrated—where whites sell houses to blacks who sell them to other whites.

The presence of the University, the financial backer of the Hyde Park-Kenwood improvement and principal employer of its inhabitants, has been the largest stabilizing factor. Not least has been its clout at City Hall, where Mr. Julian Levi, who is the moving force in the local civic improvement group, is also chairman of the City Planning Commission. He is the last man to exaggerate the significance of what has been done in Hyde Park-Kenwood, but he can point to it as living proof that given the economic conditions, the imagination and the determination, inner city neighbourhoods need not find themselves on a one-way street leading downhill.

A. D.

# Statement of Condition

ASSETS	December 31, 1974	December 31, 1973
Cash and due from banks	\$ 355,894,535	\$ 439,853,831
Investment securities:		
U. S. Government obligations	56,880,901	54,312,185
Obligations of state and political subdivisions	133,432,400	138,833,775
Other securities	8,527,602	7,955,883
Funds sold	30,900,000	49,290,000
Loans	841,324,414	766,144,479
Customers' acceptances liability	9,553,161	8,157,063
Leasehold improvements and equipment	15,467,371	14,653,583
Accrued interest receivable and other assets	36,371,991	32,765,296
	<u>\$1,487,892,335</u>	<u>\$1,512,776,095</u>
LIABILITIES		
Demand deposits	\$ 533,731,385	\$ 551,756,672
Time deposits	454,167,642	366,621,046
Deposits in foreign offices	219,504,599	312,042,028
Total deposits	<u>\$1,207,403,626</u>	<u>\$1,230,419,746</u>
Funds purchased	152,085,341	165,971,894
Acceptances outstanding	9,553,161	8,157,063
Accrued taxes and other expenses	15,432,238	13,516,042
Other liabilities	1,505,048	1,808,013
Total liabilities	<u>\$1,385,979,414</u>	<u>\$1,419,871,758</u>
Reserve for possible loan losses	\$ 14,553,053	\$ 13,022,834
CAPITAL ACCOUNTS		
Common Stock	\$ 20,000,000	\$ 20,000,000
Surplus	30,000,000	30,000,000
Undivided profits	37,359,868	29,881,503
Total Capital accounts	<u>\$ 87,359,868</u>	<u>\$ 79,881,503</u>
	<u>\$1,487,892,335</u>	<u>\$1,512,776,095</u>

Investment securities carried at \$73,536,000 and \$116,946,000 as of December 31, 1974 and 1973 were pledged to secure public deposits, liability for funds purchased, and other purposes as required or permitted by law.



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## CHICAGO VII

# Rising costs hit transport firms

A GLANCE at the map is enough to understand why Chicago, from its earliest beginnings, developed into the transportation centre of the U.S. Situated between the Mississippi-Missouri river system and the Great Lakes with their outlet to the St. Lawrence, it also stands at the edge of the prairies which grow a substantial portion of the world's food. With the coming of the railways, roads and finally air transport, Chicago's position has been successively reinforced as both a terminal serving its own vast industrial hinterland and also as a crossroads for North America.

In 1973 Chicago was the largest single point of export trade in tonnage terms, with the State of Illinois as a whole among the leaders in foreign trade in both directions in dollar terms. The city's vast railway network, served by 32 different lines, handles about half of the 600m. tons of freight which passes through Chicago each year—a figure which reduces to some 80 tons per head of the population of the metropolitan area. About a quarter of the total is carried by road, 12 per cent. each by boat and by pipeline, and the remainder by air. O'Hare Field remains the world's busiest airport, and shows no sign that attempts by such cities as Dallas and Kansas City to muscle in on its primary role as a connecting and interchange point have made much impact on its business. Even Amtrak, the Federal Government's troubled passenger train corporation has reported steady increases in traffic through Chicago and is reported to have plans to expand its services.

### Network

While there can be little doubt that this vast and complex network will continue to keep the wheels of Chicago's commerce and industry running smoothly, the current recession in the U.S. economy and the changed perspectives brought about by the continuing energy squeeze have brought a number of problems to the fore. First among these is the increasingly grave financial situation of the railway industry. As recently as last year, while the North-east of the U.S. was already embroiled in the seemingly insoluble difficulties of the Penn Central and its sub-



A Burlington Northern commuter train at Naperville, Illinois

sidaries, the railway industry of a whole managed to turn a comfortable profit of \$146m. The main contributors to this, as they have traditionally been, were the longer-haul companies serving the Mid-western and Western states, most of whose tracks pass through the greater Chicago area. During the first quarter of 1975, however, the railway industry reported its first ever operating deficit of \$93.5m.

In common with the rest of American business, the railways have been victims of sharp cost inflation, high interest rates and, in the immediate past, a decline in income as the level of economic activity has fallen off. The squeeze has already come close to driving one veteran out of business—the 123-year-old Chicago, Rock Island and Pacific Railroad, celebrated in popular song as the Rock Island Line. After vainly appealing for Federal aid, along the lines of the \$280m. recently provided to the Penn Central to stave off liquidation, the Rock Island Line filed for bankruptcy reorganisation in March. Drastic economy measures have kept the line operating, and the management reported last month that if a more favourable cash flow could be maintained for a few more weeks, the Rock Island might still have a chance to survive as an independent unit.

If it succeeds in doing so, however, the net effect may be only to postpone the moment

of truth for Mid-western railways. The new Secretary of Transportation, Mr. William Coleman, has put forward a proposal for a series of mergers across the country that would reduce the 60-odd major railway companies to a dozen relatively large systems with markets shared between them. Mr. William Quinn, chairman of the Chicago Milwaukee line, has suggested a voluntary rationalisation programme for the industry that would leave four major networks west of Chicago and the Mississippi river. He argued that this would be preferable to a solution imposed from Washington, where Congress has still to agree on a final new shape for the North-eastern rail network. More than anything else, however, the industry is hoping for an increase in freight rates from the Interstate Commerce Commission, whose procrastination it blames for many of the railways' ills.

### Attraction

These troubles, of course, have long been the opportunity for the rival forms of transport. For companies moving into the Chicago area, the city's largest single attraction in recent years has probably been its access to the interstate system of freeways which, with Chicago's large road haulage industry, provides unparalleled convenience in serving markets in all directions. Yet the steeply

increased cost of fuel, coupled with mounting political pressure in Chicago as elsewhere to spend highway funds on public transport network, has raised a question mark over the future growth of road haulage, especially on longer runs. One interesting consequence of the energy crisis appears to have been a sharp revival in the fortunes of the river transport industry on the Mississippi and its tributaries, where the volume of grains, chemicals, fuels and building materials carried has been climbing steadily—with the cost remaining well below those of road or rail.

Finally, Chicago faces a decision on how to expand its airport capacity. O'Hare, with over 30m. passengers a year, is close to the limit even before all of its facilities have been completed. At peak periods flights can be subject to "stacking" or delayed on the ground for an hour or more. The city appears to have reached no final choice on whether to go ahead with planning for a second major airport. But with land in increasingly short supply in the sprawling Chicago suburbs, Mayor Daley and his friends in the business community are said still to be interested in the futuristic proposal for a new airport to be built on an artificial island in Lake Michigan.

A.D.

# Convention business

LAST YEAR Chicago had 7.5m. visitors—nearly as many people as live in its entire metropolitan area, and twice as many as those who live in the city itself. Chicago earned close to \$1bn. from these welcome guests, while housing, feeding, transporting and entertaining them provided about 100,000 people with jobs and added perhaps \$4bn. to the metropolitan area's overall economy. Chicago is an old hand at the convention business; indeed it can claim to have been the inventor of that now world-wide—though still essentially American—phenomenon. The first recorded convention in the city's history, in 1847, was a gathering of military engineers interested in opening up the St. Lawrence between the Great Lakes and the Atlantic. In 1860 the Republican Party gathered at Wigwam Convention Hall, which the city had built in the space of five weeks, in order to nominate Abraham Lincoln, a native son of the state of Illinois, as its candidate for the Presidency.

Although Chicago now has lost its lead in the political convention stakes, and is out of the running for 1976, it has not slipped from the general convention business. It can offer several very large exhibition halls for trade shows and industrial fairs, as well as numerous smaller facilities for conventions and corporate meetings. McCormick Place, the pride of the city's convention organisers, offers some of the most efficient services of its kind anywhere, and can claim to be the largest self-contained exposition and meeting complex in the U.S., while several other older halls can provide overflow accommodation if needed. The city has 40,000 first-class hotel rooms, adding 3,000 during 1974 alone. Some 1,200 conventions and trade shows were held in

Chicago last year, drawing a little over 2m. people who spent \$473m. all told, or roughly as much as the remaining 5.5m. visitors who came as tourists or on individual business. Yet the convention and trade show business has remained more or less stationary in financial terms during the past two or three years, while the number of visitors who came in connection with these events has tended to show a slight decline. So, according to officials of the Convention and Tourism Bureau, has the average length of time spent.

### Recession

One does not need to look further than the current—and still apparently deepening—recession in the U.S. economy for the most important factor behind this tendency. It seems inevitable that companies, faced with declining profits, reduced investment plans and sluggish sales, should have been forced to trim the amount they spend in this area, as in virtually every other. Chicago convention experts expect a decline of no more than 5 per cent. this year over 1974 in attendances at conventions and trade shows. They point out that in harder times, companies are sometimes inclined to throw extra effort into promotional efforts, such as those channelled through shows. It is also worth bearing in mind that visitors to scientific, professional and other non-business events make up an important part of the total and are apparently less sensitive to changes in the overall economic picture.

According to the Chicago Convention and Visitor Bureau's figures, some of the city's competitors have suffered greater losses of business in the current downturn in economic activity. Without naming names,

they claim that attendances are down by as much as 15-20 per cent. in a number of centres. However, this is not to play down the challenges that Chicago faces in the longer term. The current recession should be largely a thing of the past by the beginning of the 1976 season, and with the advent of a year that will be both the bi-centennial of the U.S. and a presidential election year as well, bookings and attendances are expected to climb everywhere (for reasons not entirely known to convention planners, business as well as political gatherings are almost invariably more numerous in even-numbered years). Chicago expects to face even more fierce competition in the years ahead, and is doing its best to anticipate it.

Some of the business that other cities have gained has obviously been Chicago's loss. There have been regular events that have moved to warmer climates during the Mid-west's harsh winter, and others whose choice of new locations has been dictated by shifts in their memberships or by moves in their operations. There is probably little that can be done to regain this segment of the city's convention business: Miami or San Diego in February are always going to have an edge over the Great Lakes.

The Chicago convention planners do, however, take seriously the need to increase physical facilities, expand still further their campaign to "sell" Chicago to new trade groups and companies, and to do what they can to give the city the ability to give firm bookings and meet commitments for the often highly specialised requirements of major exhibitions and meetings. In this, they have the benefit of a very close relationship with City Hall. Mayor Daley's legendary touch in heading off strikes is something the

convention business in other cities cannot always match.

Beyond this, Chicago is also stepping up its efforts to attract the ordinary tourist, who may spend less when he pays his own bills than he would on company expenses, but is nonetheless an increasingly sought-after customer. The city has co-ordinated a number of package tours, aimed at short-term visitors in particular, for statistics collected last year showed that the typical non-business visitor to Chicago stayed only three or four nights. A high proportion of these visitors appear still to be people living within a 300-mile radius, where Chicago more than anywhere else is regarded as the "big city," no less than it used to be in its earliest days as an expanding port, market and supply centre for the Mid-western agricultural hinterland.

### Exciting

Yet the city's attractions spread much wider than that. Like New York and San Francisco, it has the exciting, fascinating, unfeasible feel of a great international metropolis. As modern architecture is probably unmatched anywhere, while its museums, art galleries, department stores and hundreds of excellent restaurants rank with those of any city in the world. And that is saying nothing of the faint aura of wickedness that still attaches to Chicago's name from the days of Prohibition and Al Capone—faithfully kept alive by the cinema for a whole new generation of Americans. It is hard in the final analysis to tell what makes people want to come to one city rather than another, whether on their own time or their employers'. Chicago, though, knows it has a good product to offer—and it has never been a city to sell itself short.

A.D.

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## CHICAGO VIII

# Construction grinds to a halt

LEWIS MUMFORD, the American writer and art critic once described Chicago as a spider in the middle of a steel web. The city has grown since then and that web has reached out in all directions, with skyscrapers and factories, office towers and apartment houses. The recession brought this incessant activity to a halt early this year. The real estate industry is hoping that the hiatus is only a temporary lull, and that the spider will soon be spinning at its previous frenetic pace.

Indeed, the past decade has been filled with an almost feverish activity in the property sectors. According to surveys of both suburban and urban office space in Chicago, the Continental Illinois National Bank and Trust Company found that 23m. square feet or 70 per cent. of all suburban office space, and 23m. square feet or 33 per cent. of all the existing office space in the city proper has been constructed since 1970. Fully half of all existing floor space in Chicago was put up in the period from 1960 to 1973.

This rapid growth all came to a screeching halt as 1974 drew to a close. This year fewer than five buildings are under construction in the suburbs, the Conifil survey notes half the number under construction in 1966 and in 1967, and one-eighth of the 40-odd buildings put up last year. What had been a healthy market has vanished.

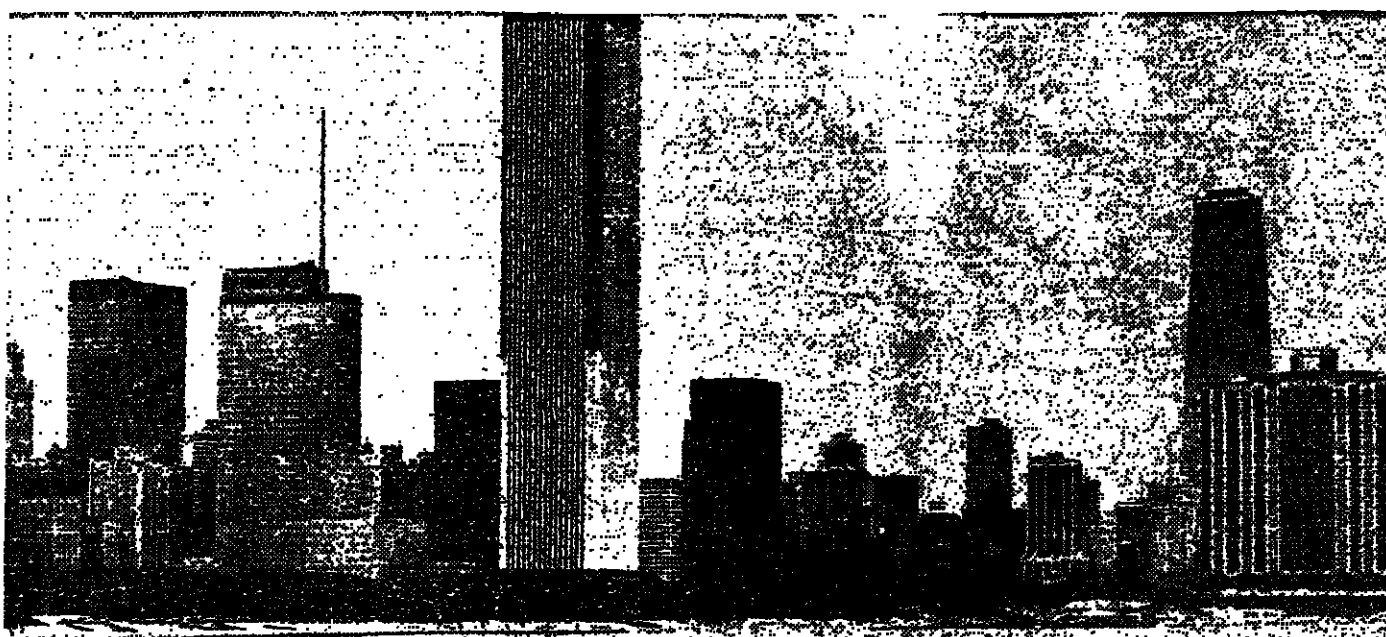
In the central business district (CBD), the Building Managers Association survey, covering 167 major office buildings, reported an occupancy rate of 88.39 per cent. in May, down from 88.39 per cent. in October of last year, and well below the 93 to 94 per cent. thought standard in a normal market.

## Softest

According to Mr. Ronald Pollina of Conifil, 2.5m. square feet of office space were under construction in the CBD at the end of last year and a total of 6.4m. square feet were vacant. With a current absorption rate of about 2m. square feet a year, the office market will probably be soft for at least the next two and perhaps three years. The occupancy rate will have to climb back to the 90 to 95 per cent. range before the office market will take off again.

Mr. Winston Jones of the Prudential Life Insurance Company describes the building market as probably the softest of the Chicago property sectors, with recovery prospects brighter in both housing and industrial markets. Prudential has a real estate investment portfolio of \$950m. in Illinois and Indiana, and the lion's share is in the Chicago area, concentrated in the CBD.

Despite the moderately pessimistic outlook for the immediate future, the Chicago office market has been spared the depressing debate that New York City has faced, with a number of newly-constructed office buildings teetering on the brink of bankruptcy. Most of Chicago's office buildings are constructed for a major tenant, instead of as "speculative" or "inventory" buildings, as is common in New York, where many of the troubled offices were put up



The Chicago skyline from Lake Michigan, with the Standard Oil of Indiana HQ building in the centre

without major lease commitments. In addition, the Foreign Banking Office Act of 1973 finally permitted foreign banks to open branches and representative offices in Chicago. By the city proper in recent years, May of last year 42 banks had rented space in the CBD. This was a boost to the rental markets, especially in ground floor space.

Another key to stability, Chicago area developers claim, is the city's real estate tax, which is generally lower than other major metropolitan areas. Property taxes are assessed on one-third of market value, and at a rate of 8 per cent. This boils down to an annual tax that is less than 3 per cent. of a building's true value.

There has been only one major office building failure in the city proper in recent years, and that is 30 North La Salle Street. Prudential, which held the \$41m. first mortgage has taken possession of the Adler structure. The entire proceedings were surrounded by controversy from the start to finish. It now faces numerous lawsuits. Critics suggest that the nine-man partnership, headed by Attorney William Friedman, which holds a controlling interest in the

venture, paid too much for the land, and was therefore under the gun from the beginning. Then ensued a two-year battle over the landmark structure. The building was eventually demolished, but in the interim costs had risen by leaps and bounds. Finally observers assert that the group did not have enough capital behind the project to keep it going when conditions soured.

Mr. Jerry Speyer, a senior vice-president at Fishman Realty and Construction Company, which holds a 49 per cent. interest in 30 North La Salle Street, still feels that the building cannot lose, if for no other reason than its "triple A" location in the heart of Chicago's financial district. Nevertheless, the failure has made lenders more cautious about project proposals. Although office space has enjoyed a major boom in the past decade, the traditional backbone of the Chicago property markets has been the industrial sector. Historically, it has been the strongest and the most dependable. Prudential's Mr. Jones feels that it can again be counted on for the quickest recovery and the best volume of activity in the short term.

Basically it has followed much the same cycle as the office market, during the past few months. According to Mr. Larry Levi, President of Hawthorn Realty Corporation, people were fighting for space, and suddenly around the first of the year the market evaporated.

Hawthorn, which is a major developer in Chicago's industrial field, built 1.5m. sq. ft. of space last year, mostly warehouses. This year's volume, however, is likely to be off by as much as a third to a half, with construction running from 500,000 to 750,000 sq. ft.

Unlike the office market, most industrial space—with the exception of factories and major manufacturing facilities—is built "on spec." Last year 9m. sq. ft. of speculative industrial space was constructed. With softer business conditions, only 5m. sq. ft. are planned for this year.

Over the past five years, however, the greater Chicago area has sustained an average absorption rate of 15m. square feet of industrial space annually. In 1974 it was 16m. square feet. The total inventory, according to Mr. Owen Pollard of Commonwealth Edison, which runs a free industrial listing service for the Chicago area, is 40 to 50m. square feet in 730 buildings.

Almost all of this is concentrated in the suburbs, Mr. Pollard notes, that 1974 only eight speculative buildings with a total of 800,000 square feet were constructed within the city limits, while 133 speculative buildings with a total of 10m. square feet came on the market during the same period.

At present industrial space is not only plagued with the vagaries of the economy, but also with a market glut. Many older buildings have suddenly come on the market, and this has led to high vacancy rates and stiff competition, in which newer buildings with their higher construction costs are at a disadvantage. Mr. Pollard, however, does not feel that the future is as gloomy as the present might suggest. The demand for space still exists, it is just more selective and more cautious. He notes that the number of companies

looking for space is up by about 20 per cent. over last year, but those actually signing on the dotted line is down by the same amount. Companies just want to be sure of the economy before they make a move.

While industrial and commercial real estate has fared well, at least until the beginning of this year, housing has been in the doldrums for the past 18 months. It has been the sector of the economy that has taken the brunt of the economic downturn. Throughout the nation, housing for both single family developments and multi-family units has been in a depressed state.

James W. Rouse and Company handles a \$250m. portfolio, which includes \$70m. for the John Hancock Life Insurance Company. Its investments have been almost exclusively in multi-family high-rise and low-rise buildings, and for the past 18 months its new loans have been down by a good 50 per cent.

## Upturn

There have been signs of a long-awaited recovery. Some observers feel guarded optimism about the future—but they have felt that several times in the past only to see housing slip further. In Chicago, however, some of the trade magazines have begun to predict a strong upturn for housing.

Mr. William Taylor at Rouse feels that the market for multi-family dwellings in the city looks good. Land costs in the suburbs have risen dramatically, and developers must put in their own sewer lines, utilities and streets, amenities which are already provided in the city.

Although the present is tentative, there seems to be a general confidence in the future. In a recent survey, Business Week magazine reported that although actual capital spending had fallen sharply, plans for industrial expansion were continuing at high levels, and waiting for an economic upturn before they are implemented. As the spider in the middle of a steel web, Chicago may find itself well set when the upturn comes.

Candace Cuniberti

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## Disappearing landmarks

THE NEW boom in building which has given Chicago three of the nation's five tallest buildings in less than a decade, has been a two-edged sword. On one side it has brought profits to developers and construction firms, work for the people who fill the offices. On the other side, however, it has brought a loss, not only for Chicago but for the nation.

The toll is alarming: about three-quarters of Louis Sullivan's buildings in Chicago are gone. The Gleason House (1886) is the only remaining building designed by H. H. Richardson in the city; almost all of John Root's buildings in the Chicago Loop have been destroyed; out of nine theatres designed by Dankmar Adler, Louis Sullivan's partner, only one still exists. These men, along with D. C. Burnham, John Holabird, William Jenney and Sullivan's well-known pupil Frank Lloyd Wright are among the best-known members of the Chicago school. They rebuilt Chicago after the fire of 1871 destroyed the heart of the city.

## Masterpiece

One of the greatest losses in recent years was the old Chicago Stock Exchange. Thought by many to have been the masterpiece of Adler and Sullivan, the building had been declared a landmark. Unfortunately, the city council, under pressure from the developers, revoked the building's protected status, and down it came. The struggle lasted two years, and involved much public outcry, not only in Chicago but from concerned citizens throughout the nation. Much of it came too little and too late as is often the case, including a colour spread in the now defunct Life magazine after the wreckers had begun their work.

Now that the old stock exchange is gone, and the building which replaced it in bankruptcy, rumours abound about various stands members of the Chicago community look to save the old landmark. It is said that the partnership behind the development hired a Dallas architectural firm to design what is by all accounts a shoddy and unpleasant building because

no local firm would touch the project.

Mr. Carroll Westfall, president of the Landmarks Preservation Council, a private activist group which worked to save the Adler and Sullivan masterpiece, debunks this myth. He does, however, give credence to another: the Chicago Bar Association's decision not to rent office space in 30 North La Salle Street, may have been the last straw for the struggling venture. Sources close to the industry claim that if the Bar Association had moved into the building, then many law firms would have followed and the building would have turned the corner financially. Instead, after heated debate about the ethics of demolishing the old stock exchange and supporting the developers who had done it, the Association looked elsewhere for a new home and the building faltered. It seems an empty victory.

If nothing else, the loss of the old stock exchange has underscored both the need for meaningful landmarks legislation and the inadequacy of present provisions. In Chicago, as in many other cities, financial viability is the ultimate decision maker for a landmark structure. In New York City, that final dollars and cents knell may well come from the courts, in Chicago the Landmarks Commission faces more difficult opposition.

The Commission on Chicago Historical and Architectural Landmarks is a city Commission with eight members appointed by the Mayor, and headed by the Commissioner of Development and planning, a member of the Mayor's administration.

In a one-man city like Chicago, it is already a stacked deck. Just to be sure that things don't get out of hand, the Commission basically has no authority to designate that a building be made a landmark, or protect it once it is.

The Commission can only recommend to the City Council, a term synonymous with Mayor Daley, that a building be declared a landmark. But, as he saw with the stock exchange, a landmark designation from the Council does not guarantee anything except red tape and delays when push comes to shove. As is the way with municipal codes, there are complicated procedures surrounding the

designation and preservation of landmark structures, which end up with the city trying to take them over if all else fails.

Because of the 30 North La Salle Street fiasco, the recommendations of the Commission and pressure from the Landmarks Council and other citizens' groups has thus far saved the Marquette Building (1894, Holabird and Roche). It may well bring a court test of the landmarks procedure, which has not happened since the Commission was established in 1968. The future is therefore uncertain, and Mayor Daley has never been a keen supporter of the preservationists.

## Sentiment

This new struggle points up another problem faced by landmark organisations. Not all buildings that are of architectural and historical interest arouse popular sentiment. Some are even modest in appearance, but unless a building has a flashy and appealing facade, its chances of survival fall sharply. Banks have done little to help the problem. Both Sullivan's Auditorium Building (1889) and the Reliance Building (Burnham and Root 1890) have been told by their banks that their mortgages will not be renewed if the structures are made landmarks. This would present serious financial problems to the present owners. Here the City Council has been biding its time, seeking to work out a solution without making the city financially responsible for the structures.

With money the basis of most decisions involving historic buildings, there is a glimmer of hope on a rather sombre horizon. The very sky-rocketing prices which made their sites so appealing to developers may also soon make it cheaper to remodel and modernise the interior of a landmark than to put up a new building. That is, however, only a glimmer of hope at present. The sorry fact is that in Chicago, as in other U.S. cities, more architectural treasures will fall under the inexorable wheel of what is called progress, and both the city and the nation will be poorer for their loss regardless of how the figures read on a balance-sheet.

Candace Cuniberti



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## POLITICS TO-DAY

BY DAVID WATT

# The deadline to disaster is postponed

TWO WEEKS ago I should have said that there was a fifty-fifty chance of the Government falling apart over economic policy before the end of July. This prospect has now receded. The probability remains that major splits will occur in the Cabinet before long, but the time scale has lengthened and there is now a fair though by no means certain chance of some semblance of unity being preserved for the rest of this year.

What has brought about this change? Well, for one thing the severity of the economic crisis has now sunk in even among those members of the Cabinet who least wished to face its reality. The repeated runs on the pound have come at just the right moment to scare ministers badly, while at the same time leaving them a little respite in which to try and cope with the situation. The Chancellor and the Prime Minister have improved this shining hour with their six and three-week "deadlines to disaster." In thus depriving themselves of the slightest room for manoeuvre, they took unprecedented risks and no doubt caused Treasury and Bank of England mandarins to swoon away in heaps, but they have at least achieved the desired initial effect of concentrating minds, and the possibly unforeseen secondary effect of unifying themselves and their colleagues in a more resolute position.

The other thing that has altered the situation has been the gradual emergence of an economic strategy which makes, in theory at least, a plausible attack on the problem of inflation without disinterring that King Charles' head of the Labour movement, statutory incomes policy. A package which

relied exclusively upon public expenditure cuts without any direct assault upon wages inflation would have been resisted, probably to the point of resignation, by Mr. Roy Jenkins and a number of other right-of-centre Cabinet members on the grounds that it would be wrong to do irreparable damage to the services of the public and social services while still leaving wage inflation free to roar away. Conversely, a statutory policy would have caused the resignations of Mr. Michael Foot and Mr. Anthony Wedgwood Benn and has been denounced by the Prime Minister himself.

The impossibility of getting away without some kind of cut in the standard of living of the trade unions has now been conceded, in some sort, by the Left—a concession which is enshrined in the TUC six-point plan and the remarks of Mr. Jack Jones appended to it. In return, the Right now seems prepared to concede that it may not be necessary to introduce legal sanctions to enforce the new deal.

The reasoning is, apparently, that the TUC's approach is an extremely important psychological breakthrough which ought to be followed up with alacrity if at all possible. The orthodox right-of-centre view criticises the TUC package for setting wage and price rise targets far too high at £10 a week per worker. It also declines for fear of massive bankruptcy and unemployment to offer the TUC much hope that prices control will be tightened. But the most significant aspect of the critique is that it does not categorically demand statutory sanctions to make the policy effective.

The right-of-centre consensus seems to be that these will not

be needed. The private sector will not, as one minister put it, be a real problem. It will be taken care of in part by the general deflationary climate and possibly by the Chancellor's plan (championed some time ago by Mrs. Shirley Williams) for using the Price Code to penalise companies who attempt to pass on the cost of them to the customer.

As for the public sector, what is required is a tough determination by the Government that it will not finance pay awards above its own norm and that if it is defeated by strike action then it will penalise workers in that industry by cutting manpower to save costs.

## Attractions

There are vast attractions to this package from a political point of view—notably the fact that if and any public expenditure cuts that are thrown in can be adopted without many tiresome votes taking place in the House of Commons. One short, sharp debate for form's sake and Bob's your uncle. To be sure, the Left will complain that the scheme interferes with free collective bargaining (as they always, rather oddly, do when the Government says in advance that it does not propose to pay more than a certain amount).

And the Right will claim it is all a "fudge." To the former the Chancellor will reply that there is nothing to prevent trade unions getting more money than the TUC-Government norm providing they recognise the consequences in terms of unemployment which will be far surer and more severe than they were before. To the latter he will speak of "grim realities," "utmost determination," "this grave juncture in our affairs," and "the end of about the sanction of redundancy than to apply it. More surprising, perhaps, is the failure of the Right to take a tougher line. Why is it that Mr. Jenkins, Mr. Anthony Crossland, Mrs. Williams, Mr. Harold Lever and Mr. Reg Prentice, to take the most obvious examples, have not been digging their toes in harder? There is a number of answers to this question, the most



Mr. Roy Jenkins: he and a number of other right-of-centre Cabinet colleagues would probably have resigned over a package relying wholly on public expenditure cuts without any direct assault on wage inflation.

about the sanction of redundancy than to apply it. More surprising, perhaps, is the failure of the Right to take a tougher line. Why is it that Mr. Jenkins, Mr. Anthony Crossland, Mrs. Williams, Mr. Harold Lever and Mr. Reg Prentice, to take the most obvious examples, have not been digging their toes in harder? There is a number of answers to this question, the most

obvious of which is that none of the Ministers, with the possible exception of Mr. Prentice, is in fact, a convinced adherent of statutory incomes policy. In particular Mr. Jenkins, whose views on the subject, if known, would have the most effect outside, remains agnostic and uneasy in view of the experiences of the last Labour Government. But the real trouble is a more general one—namely the fact that the policy is a skeleton and not a fully-fledged course of action.

A statutory policy, once it is passed, has its own momentum; until the autumn or winter, but it cannot, of course, postpone Edward Heath found to his cost, may find themselves the unwilling prisoners of their own regulations. If, on the other hand, what is proposed leaves operational flexibility to ministers then there is no telling what they will do within its limits. In other words, a statutory policy is a tough policy; the policy which the Government is now likely to adopt may be tough or may be weak. We do not know.

Two vital questions, in particular, are left open. One is the point at which the Cabinet's nerve breaks on unemployment. Will it be a million, a million and a quarter, or a million and a half before the political pressures on Mr. Denis Healey to renege become intolerable? The other, still more crucial, is whether the Government's nerve will hold in public sector settlements. It does not always do so.

There were naturally some respectable arguments for giving Mr. Jack Jones was quite wrong in to the railwaymen, to take a recent example; but the fact anyone in the Cabinet is going to pull down the Labour Gov-

ernment and join a coalition if they do not get what they want. Mr. Jenkins and Mrs. Williams are, I suppose, the main candidates in Mr. Jones' mind, but he ought to know that Mrs. Williams, as a member of the National Executive and a promising figure under the existing system, has a vested interest in keeping it in being. Mr. Jenkins might not refuse to serve in a coalition once the situation presented itself, but his roots and emotions are also tied up in the Labour Party to an extent which is not generally understood and he would do nothing to bring it about. Mr. Prentice might be another matter for but if Mr. Jones' cohorts in Newham have their way it will be more desperate still before long. But it does not lie within Mr. Prentice's power to bring down the Government or found a coalition.

## Calculations

Nevertheless, it is still a serious question for any Minister with a sense of self-preservation who should remain in a Government which he can see coming to grief during the winter because of the old, old mistakes. Mr. Jenkins to take the obvious example must surely be weighing in his mind the relative advantages of staying where he is and speaking his mind in public, of resigning now, of resigning later, perhaps even of founding a new party. Others will be making their own calculations. Some of these are wildly remote (as in the case of the new party) but no one in political life to-day is immune to these fancies and fears, and the Government's economic package is unlikely to put paid to them.

## Letters to the Editor

### Contents of the currency basket

From Mr. D. Burt

Sir,—I read with interest the article by Mr. C. Gordon Tether (June 24) on Special Drawing Rights. As substantial dealers in raw commodities, our group of companies has been watching the evolution of SDRs with great interest. The comment of Mr. Amman on "calculation" of oil prices in dollars under a system in which inflation is measured by the price of certain commodities would be taken to account effectively sums up the situation and the problem. We can buy and sell commodities in whichever currency our buyers or sellers require, provided there is a sufficiently large and active market in the currency. Most commodities are priced in either \$US or £ sterling because these are the two currencies in which a sufficiently large international market exists. It is conceivable that commodities could be priced in gold. It is equally possible that commodities could be priced in SDRs provided enough people wanted this and therefore there was a large enough and active enough market in SDRs.

Our main concern is that SDRs are represented by a weighted basket of currencies and the composition of this basket can apparently be altered by the IMF at its discretion and with but poor notice. If governments and the IMF wish SDRs to be used as a unit of account, or effectively as a new currency, then we would like to suggest that the composition of the basket cannot be changed without giving at least 12 months' notice.

D. L. Burt,  
Director,  
Guinness Peat Group,  
32, St. Mary At Hill, E.C.3.

### Steel price cuts

From the Chairman,  
Colston Appliances

Sir,—Of course the domestic appliance manufacturers are delighted at the reduction in prices of certain steel sheets which they use. But what a tangled web the Government weaves with the industry (along with other steel users) has suffered several swinging steel price increases in recent months. Because of the economic crisis the Government decided to reduce the rate of VAT on most electrical appliances and, surprise, surprise, demand falls sharply. The result, British Steel Corporation, already in enough trouble, is forced to reduce prices in order to bolster sagging demand.

It would have made so much more sense if the Government had reduced purchasing power across the broad spectrum of goods and services by putting the standard rate of VAT back to 10 per cent, thus sharing the burden across the community and avoiding a devastating chain reaction in one sector of industry. Ultimately causing the Government's own Steel Corporation even more embarrassment.

Michael Colston,  
Colston House, London Road,  
High Wycombe, Bucks.

### Council rents

#### V. mortgages

From Mr. J. Schofield

Sir,—Mr. Joe Robinson (June 21) has brought up again the question of council house rents and subsidies. He pointed out that rents have not been keeping up with inflation and that in some instances they are less in

real terms than they were a few years ago, with the implication that this is undesirable. Of course, virtually everyone who has had a mortgage for a year or more has found his repayments going down in real terms, but this point was not mentioned.

Perhaps Mr. Robinson did sense it, however, because he was at pains to emphasise that subsidies through the various taxation reliefs granted to owner-occupiers and mortgagors are less than those to rental tenants, although greater than those given to private-sector tenants, many of whom receive no subsidy whatever from public funds. But in his calculations Mr. Robinson has omitted one of the most important elements of subsidy to mortgagors: that obtained from the building society investor whose capital is reduced in real terms and is in effect transferred to the mortgagor. This is not, of course, a subsidy from public funds, but it is a subsidy from funds belonging to the public, and to ignore it is to falsify the picture.

It might be argued that investors invest of their own free will, but this evades the point that in the freakish current inflationary situation, many have, in practice, no other choice of where to put their hard-earned savings. It is this element of subsidy by transfer of wealth which is opening up a new and serious gulf in our society, to which Mr. Crossland has recently rightly drawn attention. I suspect that when this subsidy is taken into account the average tenant's subsidy will not be found excessive relative to that of the average mortgagor.

Of course if inflation was eliminated, most, if not all, of these differences and difficulties would disappear and rents, like mortgage repayments, would relate to the original capital involved. Until this happens I suggest that if rents are to go up in tandem with the cost of living that first, they should, like mortgage interest, be tax deductible and, second, that mortgage debt and building society investors' credits should be indexed. We would then be well on the way to equality of treatment of people in different housing sectors and to dealing with Mr. Crossland's gulf as well as removing the mortgagors' vested interest in inflation.

J. M. Schofield,  
Gray Gables, Middle Avenue,  
Farnham, Surrey.

### North Sea oil participation

From Mr. P. Jenkins, MP

Sir,—I am astonished that Mr. Gordon Tether (June 25) totally ignores the Government assertion that it is not looking for any additional revenue from 51 per cent participation in offshore oil. There is, therefore, no additional financial benefit to be gained for the nation by this policy—only financial cost. The Government will have to compensate the companies for the difference between their post tax income with participation and their post tax income without participation.

Furthermore, the Government will have to find from its own resources the very substantial sums needed to provide its share of the massive investment still to be undertaken to complete development of the oil fields. Under the Petroleum and Submarine Pipelines Bill, this has all to be financed partly by fresh borrowing from the Exchequer (up to £900m.) and partly by diverting the future flow of royalties and tax revenues into the national oil account.

The question to which we have

### When winter comes

From Mr. D. King

Sir,—It is interesting to realise, isn't it, that the great NALGO may award us no doubt as usual, an award on top of the already agreed annual increment scales that are a feature of public service employment. But, surely, a rise upon a rise is a compound recipe for disaster? And guaranteed to public service salaries through the roof.

More interestingly, when the wage freeze comes (it must, mustn't it?) then these public service pay scales will not be affected. The taken into account the average employed and employer being that the whole thing is too set and stratified to be upset by a passing phenomenon like a wage freeze.

So our public service staff continue getting their annual rises, although not increases thereon, when everyone else is frozen.

David M. King,  
57, Barclay Road, S.E.6.

### A brake on inflation

From Mr. H. Lawless

Sir,—When will they ever learn? So many people bury their heads in the sand when the question of incomes control and inflation is under consideration. It should be obvious by now that distrust of employers, Government and unions on all sides, is now endemic in the workforce, and that there is little prospect of voluntary or statutory policies on a national scale ever really succeeding. It is a matter over more fundamental to workers than the U.K. entry into the EEC problem, and as with that question, a fundamentally different approach has to be sought.

The truth is that no one wants their income restricted and if it is so limited they suspect that others will simply take up the slack—at their expense. What is more, there is a good deal of evidence to support this view, and when the next crisis-turn of the cycle occurs—who is asked to make the sacrifice against workers suspect that they know the answer to that one, and no amount of Government persuasion will work because that is now a devalued and discredited instrument.

Is there an answer other than the total breakdown of our society as we know it? I believe that there is, but it would have to start at the grassroots. The problem is not that of simply putting the foot down on the economic brake, but a matter of steady de-acceleration. Agreements at corporate level not to implement a negotiated wage or salary increase for a period of

X months in return for a price

standstill for the same period—

backed by agreed penalties (such as back pay times X) if an employer reneges and supported by Government remission of between 5 and 10 per cent of Corporation and Income Tax to both firm and employees might just do the trick. The remission of tax could be financed by a penalty tax of the same amount to those who are not parties to such agreements. The longer the standstill period, the less the annual percentage would be (30 per cent negotiated for a year, and only paid for six months is only 15 per cent per annum). Thus inflation will slow down, and those increases will be less necessary next time round.

H. Lawless, Senior Lecturer,  
The Polytechnic,  
Queensgate,  
Huddersfield.

Such policies must be backed by ending that state of affairs where those who resort to industrial action do so in the full confidence that they will hurt their fellows, companies, nationalised industries and the nation more than they will hurt themselves and their families.

Is it to be seriously doubted that the NUB men would have gladly settled for the arbitration award if they had known that a strike would have deprived them and their families of all social benefits, that we have become a strike-prone nation because Governments have continued to cushion the consequences for those who deliberately withhold their labour? Few men will ask their families to go hungry when not only bread but cake is to hand.

F. N. Robinson,  
32 Rosebery Avenue,  
Bridlington.

### Avoiding capital transfer tax

From Mr. G. Hamilton

Sir,—Mr. A. G. Elliot (June 19) refers to advice in financial papers about taking advantage of the £1,000 p.a. per person exemption from capital transfer tax by placing the bulk of one's assets in time to his children. He touches on the hazards of giving large sums to young people under 30.

Pausing only to adjust my halo I hereby declare my interest as a life assurance man and wish to point out that substantial premiums can be paid under the exemptions to create a fund which can pass on the death of a donor, or earlier, to his or her children free of capital transfer tax. Perhaps, at the age when the beneficiary collects his judgement of the capabilities of slow horses and fast women (or was it cars?) will be sufficiently mature to protect him from the associated hazards.

G. J. Hamilton,  
22, Chesham Avenue,  
West Wickham,  
Kent.

## To-day's Events

### GENERAL

Imperial Chemical Industries management and manual workers' leaders resume pay talks. British Leyland shareholders meeting Kensington Town Hall, London.

Mrs. Margaret Thatcher, leader of the Opposition, meets West German political leaders, Bonn. Queen opens Royal Shakespeare Theatre Centenary Garden at Stratford-upon-Avon and in evening attends Gala Performance at Royal Shakespeare Theatre.

Royal National Rose Society Summer Show begins. Royal Horticultural Society Halls, London.

### PARLIAMENTARY BUSINESS

House of Commons: Northern Ireland (Emergency Provisions) (Amendment) Bill, second reading. House of Lords: Cruelty to Animals Bill, second reading; Mobile Homes Bill, report; Guard Dogs Bill and Lintas in Person (Costs and Expenses) Bill, committee.

House of Commons: Northern Ireland (Emergency Provisions) (Amendment) Bill, second reading. House of Lords: Cruelty to Animals Bill, second reading; Mobile Homes Bill, report; Guard Dogs Bill and Lintas in Person (Costs and Expenses) Bill, committee.

### OFFICIAL STATISTICS

New orders in construction industry (April).

Bricks and cement production (May).

COMPANY RESULTS  
Rediffusion Ltd. (full year). Scapa Group (full year). Vaux Breweries (full year). News International (half year).

COMPANY MEETINGS  
Aberdeen Construction, Aberdeen, 12. Bilton (Percy), Bilton House, Ealing, W. 12.

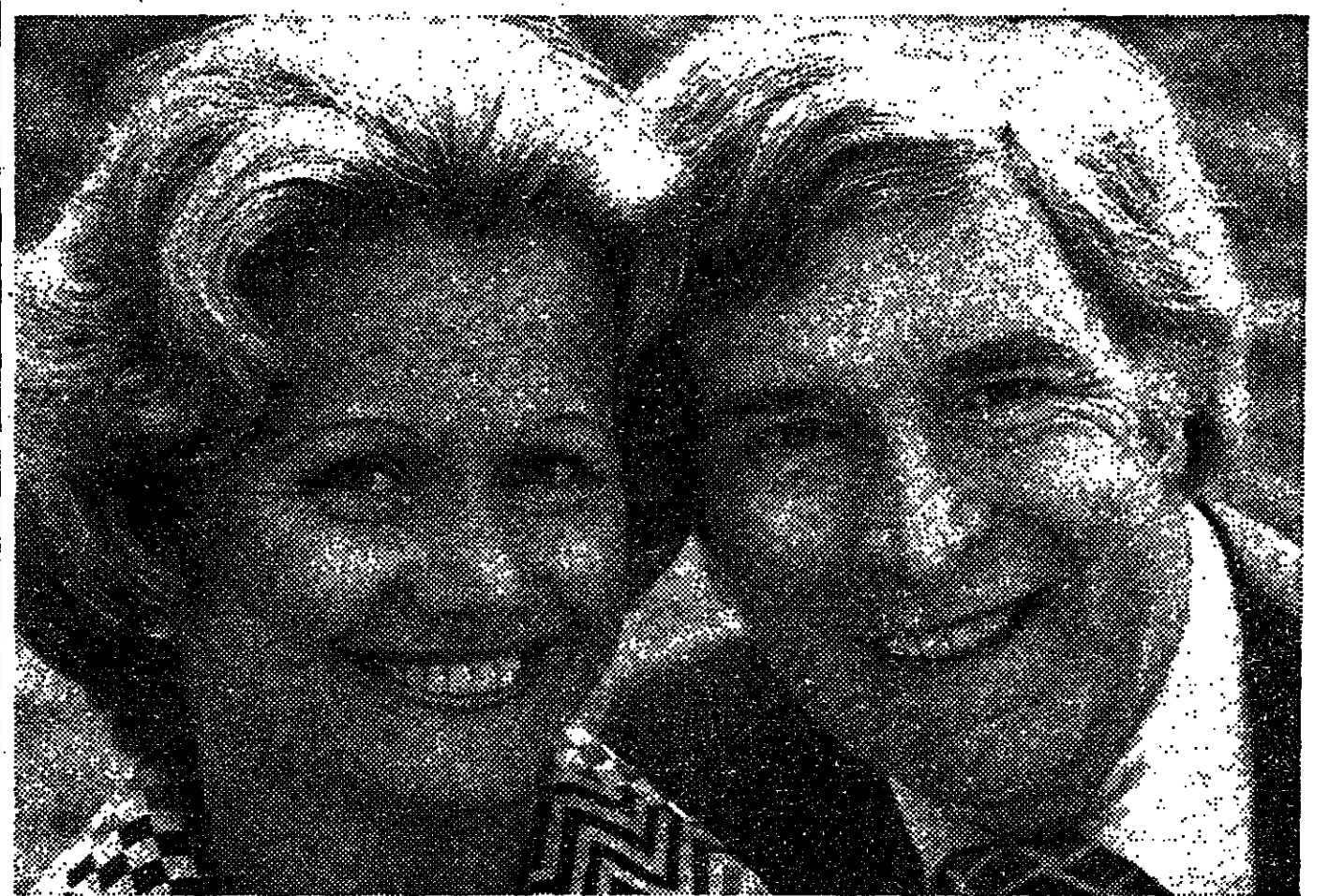
Costain (Richard), St. Ermin's Hotel, SW. 12.

French Kier, Waldorf Hotel, W. 11.

Harrington (James) Holdings, Edinburgh, 12.  
House of Lerose, 25, Old Burlington Street, W. 12.  
Mentmore Manufacturing, Winchester House, EC. 12.

Morgan Crucible, Swansea, 3.15.  
Scottish Ontario Investment, Edinburgh, 12.30.  
Silenight, Winchester House, EC. 12.  
Tebbit Group, 10, Belgrave Square, 12.15.

## "Our new three-year Nationwide Capital Bond pays us 8 1/4% - that's worth over 12 1/2% gross."



## Investor's guide to Nationwide

£500-£10,000 3 year term	8.25%	12.69% gross
£500-£5,000 3 year term	8.00%	12.33% gross
£500-£10,000 2 year term	8.00%	12.33% gross
£500-£5,000 2 year term	7.75%	11.92% gross
Share Account	7.00%	10.77% gross

\*Not a true money rate paid at the new rate of 3 1/2%

New Nationwide Capital Bonds offer attractive interest to lump sum investors. You can choose to invest your money for two or three years.

You can invest any lump sum from £500-£10,000 (up to £20,000 for husband and wife jointly). Interest is guaranteed in steps 3/4%, 1% and 1 1/4% above Share Account rate, according to the amount you invest and the term you choose. The Share Account rate may fluctuate, but these differentials are guaranteed.

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Interest to be compounded or paid at end of June and December each year. ☐

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Date:

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The Building Society of a lifetime  
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# COMPANY NEWS + COMMENT

## B. Elliott turns in £2m. increase

ON A TURNOVER up from £36.25m. to £50.38m., group pre-tax profit of B. Elliott and Co. expanded from £2.33m. to a record £4.2m. in the year to March 31, 1975, after £2.02m. against £0.8m. for the first half.

Earnings per 25p share for the year increased from 8.33p to 16.96p, and the dividend is effectively raised from 3.34p to a maximum permitted 3.63p net with a final of 1.95p.

The chairman, Mr. J. Frye, says the directors are striving to maintain the high level of profitability, but success depends largely on the success of others in bringing inflation under control and in stabilising the business environment in which the company operates.

The liquid position is satisfactory, he says, and although stocks have risen, they are generally well balanced, and thus the group is in a strong position, both at home and overseas, to profit from investment by the engineering industry in new and better equipment and from new markets around the world.

In the present uncertain economic and political situation, it is especially difficult to forecast even in the short-term, but Mr. Frye expects a "good profit" in the current year, although this will not match the record just achieved.

1974-75 1973-74

Group turnover	50.38	36.25
External turnover	43.83	31.06
Trading profits	1.71	1.24
Depreciation	0.81	0.61
Interest payable	0.29	0.40
Profit before tax	4.20	2.33
Taxation	2.08	1.18
Minority interests	0.33	0.23
Balance	1.65	0.83
Dividends	3.63	3.34
Special dividend	0.00	0.00
Forward	3.20	1.95
Fixed assets	5.90	5.23
Net current assets	6.12	6.20

Decrease in sterling value of overseas fixed assets due to currency change (decrease for 1973-74).

The rise in B. Elliott's minority share and more than doubled Canadian profits suggests that roughly half of the group's 95 per cent. increase in pre-tax profits (after mid-way gains of 153 per cent.) came from overseas, where the profits contribution is now about two-fifths. However, the market has plenty to think about in a fall of 28 per cent. in new orders for the machine tool industry in the 12 months to February and a likely profit decline to £3.5m. pre-tax for the group in the current year, and this in spite of the stability afforded by its merchandising operations. As for liquidity, cash flow, including deferred tax of £1.3m., covered working capital needs of £3.1m., but net borrowings have risen from 50 per cent. to 55 per cent. of shareholders' funds. At 48p the yield is 12 per cent., covered 4.8 times on a full tax charge.

### HIGHLIGHTS

The latest rights issue, from Mitchell Cotts, takes the form of a 13 per cent. Convertible Loan stock and will raise some £4.6m. net. Results from Associated Television reflect the decline experienced by the ATV Network and the fall in profits brings a reduction in dividend. In bright contrast Racial Electronics has achieved profits topping best market hopes, which put the shares 4p better on a day when all around were slipping (the Lex column comments on the foregoing). At half-time Kenning Motor can report a promising start but warns that the year's outcome may be a decline in profits. Record trading by B. Elliott has produced near-doubled profits but here also there is a caution that the current year may not match these figures. However, Sheepbridge profits are well up with a good order book in hand, and there is a cheerful picture at J. W. Spear.

## T. Marshall Investments profit held

BECAUSE NEW factories took longer than envisaged to reach full production, second-half pre-tax profit of Thomas Marshall Investments declined from £575,000 to £510,000, but the year-end total is up slightly from £1.3m. to £1.5m. for the year to March 29, 1975.

At half-time the directors forecast that profits growth would be maintained in the second six months.

Due to planned tax benefits, stated earnings per 25p share for the year are up by 25 per cent. from 11.7p to 14.7p and the dividend total advances from 2.98p to 3.23p net—the maximum permitted—with a final of 2.06p.

The chairman, Mr. Donald Parr, welcomes the proposals for improving productivity in the industry placed before the Government by the Clothing Economic Development Council.

In the past three years the group has invested £1.5m. in U.K. clothing manufacture and supports the EDC view that the way to reduce the clothing trade deficit is through increased investment in advanced technology equipment to produce at lower costs and thus reduce the naturally the sucking in of cheaper imports rather than the setting up of artificial tariff barriers.

1974-75 1973-74

Turnover	17.99	14.97
Profit before tax	1.33	1.13
Tax	0.12	0.12
Minority	0.00	0.00
Profit	1.21	1.01
Dividend	3.23	2.98
Forward	0.00	0.00
Fixed assets	1.50	1.44
Net current assets	1.50	1.44

Profit after tax

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buildings. Retained profits have increased consolidated reserves by 31 per cent. to £2.3m.

Losses at its two new factories have caused Thomas Marshall's 1974-75 profits to fall just short of the half-time target of £1.3m.

Sales value rose by roughly a fifth last year and the group is still apparently enjoying a steady rate of demand despite the difficulties being experienced by many other clothing manufacturers. The main reason for this is that Marshall's almost total concentration on six very large customers, among which is Marks and Spencer which takes around 40 per cent. of total output. With a first contribution due to come through from the two new factories, the current year profits should show a significant increase. So, given that the group's financial position is still sound with borrowings around £400,000 lower at the year end and a cash flow boosted by stock appreciation tax relief, to the tune of £508,000, the shares which at 40p yield 13.1 per cent., are not without some support.

1974-75 1973-74

Turnover	17.99	14.97
Profit before tax	1.33	1.13
Tax	0.12	0.12
Minority	0.00	0.00
Profit	1.21	1.01
Dividend	3.23	2.98
Forward	0.00	0.00
Fixed assets	1.50	1.44
Net current assets	1.50	1.44

Profit after tax

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maximum permitted 2.0736p net with a final of 1.1968p.

During the year there was a significant improvement in liquidity with net current assets topping £1m. for the first time.

1974-75 1973-74

Third party sales	1,000	1,000
Trading profit	1,000	1,000
Interest	1,000	1,000
Depreciation	1,000	1,000
Profit before tax	1,000	1,000
Taxation	1,000	1,000
Not profit	1,000	1,000
Extraordinary debit	1,000	1,000
Preference divs.	1,000	1,000
Ordinary	1,000	1,000
Retained	1,000	1,000

53 weeks. Includes £2,000 in respect of difference in tax rate between annual repaid under stock appreciation provisions and amount liable to be clawed back.

Trading profits at Shaw Carpets have edged ahead slightly but after a 63 per cent. rise in interest charges, pre-tax profits have fallen by 21 per cent.

In the light of recent results from the carpet sector this seems reasonable and the group's move into tufted printed carpets, now some 75 per cent. of sales, has proved to be timely. No immediate recovery in U.K. demand is in view and exports, which fell from 20 per cent. to a sixth of total sales last year, have lost their earlier buoyancy. However, bank borrowings, which peaked in the middle of the year, had fallen from £2.16m. to £750,000 by the year end, a level which the company expects to maintain at a considerable saving in interest charges. Despite this and a cover of 1.6 times, the market continues to be nervous of the shares which at 18p yield 19.2 per cent.

1974-75 1973-74

Footwear turnover	4,545,677	2,234,234
Motor trading	4,444,181	3,553,118
Total turnover	8,989,858	5,787,352
Profit before tax	1,958,234	1,262,602
Corporation tax	554,344	599,863
Deferred tax	71,289	117,137
Net profit	628,561	785,602
Extraordinary credit	39,995	—
Retained	236,236	233,337
Surplus on disposal of a property	1,000,000	—
Included special dividend	1,000,000	—

Footwear turnover

Motor trading

Total turnover

Profit before tax

Corporation tax

Deferred tax

Net profit

Extraordinary credit

Retained

Surplus on disposal of a property

Included special dividend

Footwear turnover

Motor trading

Total turnover

Profit before tax

Corporation tax

Deferred tax

Net profit

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Footwear turnover

Motor trading

Total turnover

Profit before tax

Corporation tax

Deferred tax

Net profit

Extraordinary credit

Retained

Surplus on disposal of a property

Included special dividend

Footwear turnover

Motor trading



Sir Lew Grade, chairman of Associated Television Corporation which yesterday reported profits down from £7.27m. to £5.75m. for the year ended March 31, 1975.

## DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corre- sponding div.	Total for year	Total last year
Amalg. Paper Mills Int.	1.0	July 30	0.9	2.05	5.13
ATV	2.05	—	3.4	3.9	5.13
Blundell-Pernigelli Int.	0.87	Sept. 26	0.87	—	2.21
Bradwall Rubber	2.01	Aug. 8	1.94	2.01	1.94
Brickhouse Dudley	1.15	—	1.05	1.74	1.74
Comben Group	0.9(a)	—	2.35	1.83	2.21
S. Elliott	1.95	—	1.58*	3.63	3.64
English & Int. Trust	2.1	July 25	2.1	3.15	3.15
Graham Wood Steel	0.19	—	0.94	1.89	1.5
H. Harford & Parsons	1.5	Aug. 6	1.4	1.5	1.5
J. Kenning Motor	1.8	Oct. 1	1.34	—	3.17
London & Midland Inds.	2.2	—	1.91	3.7	3.17
F. Marshall Invests.	2.05	—	1.88	3.24	2.98
Pleasurama Int.	0.67	Oct. 1	0.67	—	1.55
Shaw Electronics	1.99	Aug. 9	1.56	3.55	2.65
Shaw Car	1.22	—	1.01	2.07	1.88
Sherridge Eng.	1.8	Aug. 5	1.65	2.55	2.63
Midlaw Int.	1.0	Aug. 15	1.0	—	4.9
J. W. Spear	1.21	Aug. 1	1.11	1.87	1.72
St. George's Savings	1.5	Aug. 6	1.4	2.1	1.94
Trustees Corporation	1.73	July 30	1.68	2.55	2.35
Warwick Engineering	0.26	July 28	2.1	2.36	2.1
Websters Publications Int.	0.27	Sept. 30	0.25	—	0.62

Dividends shown pence per share net except where otherwise stated



# Racal beats forecast with record £9½m.

COMPARED WITH the March forecast of a pre-tax figure of £8m, Racal Electronics reports a jump of 50 per cent. from £6.25m. to £9.5m. in profits for the year ended March 31, 1975.

Turnover, net of associates, showed an increase of 45 per cent. from £34.82m. to £50.22m. Earnings per 25p share are related to be up from 12.15p to 18.49p.

The dividend is raised by the maximum permitted from 2.54p to 2.84p, with a final of 1.99p. A one-for-one scrip issue is also proposed.

## Setback at Blundell Permoglaze

REFLECTING DIFFICULT trading conditions in the professional sector of the home decorative market and the delay in increasing prices, pre-tax profit of Blundell-Permoglaze Holdings fell from £473,455 to £272,013 for the half year to April 30, 1975.

The interim dividend is held at 0.87p net, absorbing £42,677. Last year's total was 2.21p paid from record profits of £1.17m.

Chairman Mr. N. C. Bassett Smith says that although the present economic climate makes even short-term forecasting difficult, the Board anticipates that second half profits will be similar to those in the corresponding period of 1973-74.

In the longer term the company, which manufactures paint and has factories at Hull and Birmingham, can look forward to an increasing contribution from recent acquisitions in Ireland and Preston. But these profits will not be significant this year, the chairman says.

By the end of 1975 a two-year expansion programme at the Hull factory will have been completed on target. "We anticipate cost benefits from this major capital expansion," Mr. Bassett Smith tells members.

Because of liquidity pressures, merchants have tended to reduce their stocks, contrasting strongly with the corresponding period of 1974 when the threat of raw material shortages and restricted paint supplies and sharply rising costs led to considerable stockpiling. Although raw material costs have not risen at the same rate as in 1974 salaries and wages have been increasing at a greater rate in the past half year, he points out.

Sales to the lower margin public sector were higher and export sales continued to expand—particularly in the Middle East—and

## £1.5m. by Brickhouse Dudley

AGAINST AN indicated £1.42m. group pre-tax profit of Brickhouse Dudley increased from £1.15m. to £1.5m. in the year to March 31, 1975, after £0.71m. (£0.46m.) for the first half. Turnover for the year expanded from £8.22m. to £13.01m.

Earnings per 20p share rose from 4.05p to 4.48p, and the dividend is effectively raised from 1.605p to 1.743p net with a final of 1.1512p.

1974-75 1973-74

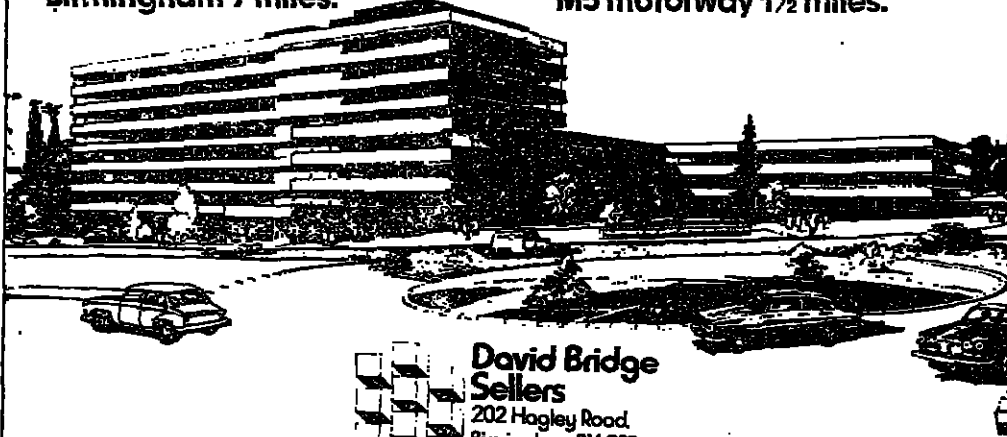
Group turnover	£12,010,000	£8,220,000
Profit before tax	£1,150,000	£710,000
Less: £1.15m	£1,150,000	£710,000
Pre-tax profit	£1,150,000	£710,000
Less: £1.15m	£1,150,000	£710,000
Profit after tax	£1,150,000	£710,000
Less: £1.15m	£1,150,000	£710,000
Profit before tax	£1,150,000	£710,000
Less: £1.15m	£1,150,000	£710,000
Profit after tax	£1,150,000	£710,000
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# MIDLAND HOUSE

**NEW ROAD, HALESOWEN, WORCESTERSHIRE.**

94,000 sq. ft.  
OFFICES TO BE LET  
Air conditioned, carpeted, lighting and double glazing throughout.  
On Site car parking.  
Suites from 2,600 sq. ft.  
Birmingham 7 miles. M5 motorway 1 1/2 miles.



**Debenham Tewson & Chinnocks**  
Chartered Surveyors,  
Bancroft House, Paternoster Square,  
London EC4P 4ET.  
01-236 1520.

**David Bridge**  
Sellers  
202 Hagley Road,  
Birmingham B16 9PP  
021-454 0955

**JONES LANG WOOTTON**  
Chartered Surveyors  
103 Mount Street, London W1Y 6AS  
Telephone 01-493 6040

Our team reports on '74:

**In splendid form after a lively year!**  
**Points gained through powerful growth in many sectors!**  
**Success confirms our development as a Bank with a special style: many-sided, unconventional and flexible through the use of small teams.**



Our list of services shows the wide range of our activities:

- Corporate finance, long- and short-term
- Local authority loans
- Building finance
- Export credits
- International loans
- Syndicate loans
- Deposits from customers
- Issue of own securities
- Money market transactions
- Foreign exchange
- Leasing, factoring
- Syndicate business in securities
- Dealings in securities
- Investment counselling
- Property administration
- Payment transactions
- Foreign commercial business
- Trust business for the public authorities
- Services in building and planning
- Investment in building projects
- Investment in other banks in Germany and abroad
- Real property investment funds, investment trusts
- Building society activities

Combining good business decisions with a well-balanced long-term strategy, our 'Fortune' team has once again proved itself. The expansion of our balance sheet total by 24.8% to DM 14.1 thousand million was principally due to short-term business this year - corresponding to the trend to shorter maturities. Our earning power has greatly increased: the bank's own capital was raised by DM 42 million to DM 228.5 million.

On the liabilities side, short-term liabilities rose by DM 1.7 thousand million or 41.8% to DM 5.8 thousand million. The greater part of the increase, DM 1.1 thousand million, relates to monies received from other banks. DM 500 million of it comes from the Rhineland-Palatinate regional banks. The liabilities to other creditors also rose strongly, by 43% to DM 725 million.

On the assets side, liquid funds increased by DM 919 million. The short-term credit and loan business developed briskly. It was also possible to increase considerably the total volume of bonds in issue. The figure for the bank's own bonds in circulation reached DM 5.5 thousand million (previous year: DM 4.3 thousand million).

Also noteworthy was the expansion in our long-term credit business by 18.6% to DM 6.2 thousand million. The structure of long-term lending shows the following pattern: loans to public authorities 41.7%, loans to industry 30.5%, loans to banks 14.4%, housing loans 13.4%. Our foreign loan business, too, had a lively year.

Co-operation with foreign banks was intensified: two new holdings in foreign banks were acquired.

The new Rhineland-Palatinate state building society got off to a good start. A total of 37,648 contracts were concluded, for an aggregate sum of DM 901 million.

The results for the first quarter of '75 are good, despite the recession. We expect to be able to continue our organic growth and earn a satisfactory profit for 1975.

## ATV down by over £11m. Sheepbridge up by £1m.

SECOND HALF profits of Associated Television Corporation showed a reduction from £3.92m. to £3.31m, leaving a total for the year ended March 30, 1975, down by £1.52m. at £5.75m.

Earnings per 25p "A" Ordinary unit are stated to be down from 8.84p to 8.36p. The dividend on the "A" Ordinary is reduced from 3.125p to 3.3p, with a final of 2.03p. Holders of the £1 Ordinary shares receive 13.6p (20.5p).

The directors explain that the fall of profits for the year ended March 30, 1975, is due to the decline experienced by ATV Network and to higher finance charges related to the greatly increased investment in feature film production. This decline was partly offset by excellent results from other divisions, particularly records and music publishing.

They believe that the new investment in feature film production, in which they have great confidence, will be amply justified by returns expected in the financial year 1976-77.

In the six months ended March 31, 1975, pre-tax profits of Websters Publications improved from £151,000 to £160,000.

Chairman Mr. Peter Lane says he remains confident of the increasing profit forecast at the time of the last annual report but current economic conditions make it imprudent to predict the rate of profit growth in the second half of the year.

The interim dividend is stepped up from 0.9p to 1p net. It is intended to recommend a final of 1.9p making 2.9p (2.05p). The Treasury has given its consent to the payment in connection with a placing of shares.

Agreement has been reached with Wilkinson Match for the acquisition of The Peerless Gold Leaf Company, a wholly-owned subsidiary of Wilkinson. The terms agreed are that the company will acquire the whole of Wilkinson's interest in Peerless (including the indebtedness on current and loan account) for the issue of 765,958 Ordinary 25p shares each which Laing and Cruickshank has sold on behalf of the vendors. This would value the acquisition at

An interim dividend raised £191,490. The shares will not rank from 0.246225p to 0.268734p is declared. For 1973-74 a total of 0.615225p was paid from profits of £394,366.

Peerless manufactures a wide range of blocking foils by vacuum coating and coating of poly-ester film. The acquisition extends the group's activities into a new field where its existing market and technical know-how are likely to be of considerable benefit, the directors state.

Net tangible assets of Peerless attributable to Wilkinson's interest shown at March 31, 1975, were £237,000, and the loss for the year to that date was £5,000 before payment of interest to the holding company (profit £42,000).

The results, achieved in difficult trading conditions, benefited from the prudent buying policy which has ameliorated the effect of higher raw material prices, the directors state.

They warn that, in the second half-year, in common with most of the industry, demand for the company's products is at a lower level. This, together with the increased raw material prices now being incurred, will reduce earnings in the second half-year below those achieved in the first half. Profit for the year to September 28, 1974 was £1,981,388.

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\* Including £1,500 arising on disposal of quoted investment. \* Mainly net surplus on disposal of activities.

At the annual meeting of Edinburgh Industrial Holdings, Mr. J. G. Bizley, the chairman, reported that the company, established in 1972 to acquire small manufacturing companies with a view to expanding and developing them, in some cases by merger to a size suitable for resale, preferably by public flotation, said a review in the changed financial climate had led to a decision to seek to sell certain of the companies, for cash or listed securities as and when suitable opportunities arise. Long-term investment would be concentrated upon the remaining manufacturing activities.

Implementation of this policy had commenced and details would be notified to shareholders as agreements were concluded.

Mr. J. W. Hearnshaw, chairman of John Folke & Co. Ltd., told the annual meeting that budgeted pre-tax profit for 1975 was budgeted at 20 per cent more than in 1974 and to date actual profit exceeded budget profit and prospects for the second half look "reasonable". Compared with the position at the end of June last year, borrowings had again reduced by more than £1m.

Mr. George Lewis, chairman of C. and W. Walker Holdings told the annual meeting that trading in the first quarter of the new year was ahead of 1974, but this continued progress depended on no further deterioration in the economic climate generally.

The company was currently financing a higher turnover than last year on lower borrowings and was operating well within its bank facility.

"We are optimistic about the future because a considerable proportion of our output goes to satisfy the increasing demand of the energy industries both at home and overseas," said Mr. Lewis.

Mr. Frank Jamieson, chairman, Hewden Stuart plant hire group told shareholders at the annual meeting that the merger with A. Gunn offered tremendous potential for future development. Their respective businesses were complementary and did not overlap, and both had the advantage of strong management teams.

Hewden Stuart had a fairly good order book at the present time but it was obvious that, if the Government clamped down on local authority spending, the group would be affected.

Mr. O. M. Jeavons, chairman of O. C. Summers told the annual meeting that the company was to reduce its dependence upon contracting for its earnings and long-term prosperity.

It was hoped that significant inroads could be made by December, 1976, but it had to be in mind that the time scale was governed by the economic climate.

Trading results had improved, and allowing for the German subsidiary, pre-tax profits for the first four months of the current year were £124,000, but due to the economic climate, Mr. Jeavons felt he could draw no conclusions from this.

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Mr. J. W. Hearnshaw, chairman of



## MINING NEWS

## Nchanga Copper is struggling

BY KENNETH MARSTON

THE PROBLEMS of rising costs and a falling metal price which are hitting copper producers throughout the world are underlined by the results for the year March 31 of Zambia's Nchanga Consolidated Copper Mines, a mining and treatment complex which is 51 per cent owned by the Zambian Government and 49 per cent by Zambia Copper Investments.

During the past 12 months Nchanga's big copper sales have been almost maintained at 396,100 tonnes while those of lead and zinc have fallen to 75,830 tonnes on 81,213 tonnes. At the same time the copper price received has averaged K1,087 (£742) per tonne, having dropped to only 942 (£675) in the March quarter. The past year's costs, however, have risen to K339.8m. from 275.8m. in 1973-74.

## Profit fall

The result is that Nchanga's net profit for the year has fallen to \$8.8m. (it was only \$3.4m. in the final quarter) from \$11.5m. the previous 12 months. No dividends are being paid for the first two quarters of the year. So the 1974-75 total remains at \$17m. compared with \$67m. the previous year.

At the current levels of metal prices Nchanga is probably operating at a loss and the group is reportedly planning to raise some \$1.5m. on the international market. Hopes of a resumption of dividends thus do not look too robust at the moment.

However, Nchanga is a well-managed group and it has a big potential which stretches far to the much more prosperous future for copper, and indeed for all metals, which many observers feel would be ushered in next year. It is a good deal of long-term faith being planned to the present price of 61p for Zambia's copper. Investments which also add 12.55 per cent of the other mining group, the Consolidated Mines.

## ROUND-UP

A rock burst occurred at the Driefontein gold mine at the bottom of the No. 1 sub-vertical sinking shaft 2,318 metres (8,261 ft) below surface. Eleven people were injured and five killed with 12 still missing.

Participants in a Yukon-Alaska "mini" gold rush now include British Columbia's Bethlehem Copper Corporation. The sinking claim was sparked off by uncover-based Claymore Resources which has claimed some extremely high gold values.

## CRODA MYH

Annual exports of minerals worth \$60m. could be reached in Ireland when Tara's Navan zinc operation comes on stream. It was aimed at an Irish natural resources symposium. It would be

## ISSUE NEWS

## Mitchell Cotts £4½m. of stock

Mitchell Cotts Group announces that they have created £4,745,817 15 per cent convertible unsecured loan stock 1980-85 and propose to offer it by way of rights at par on the basis of £1 of the stock for every 10 Ordinary shares held on May 30 1975. The net proceeds of the issue will be approximately £4.6m.

The purpose of the issue is to provide the necessary funds for the progress and the Board intends to seek to strengthen the group's activities further by the acquisition of enterprises of a nature complementary to those it at present owns, while at the same time being prepared to expand its existing U.K. operations.

The unaudited management accounts for the 10 months ended April 30, 1975 show a group profit of £2,532,000 before tax, taking account of profits of £899,000 (before minority interests) earned by Tendam Plantations Share Company prior to its nationalisation. The directors are not aware of any factors which have arisen subsequently to cause a downturn in the level of group profitability in the last two months of the year to April 30, 1975.

It is intended to recommend a final dividend of 2.36p which would result in total dividends for the year of 3.0222p (2.77p), equivalent with the related tax credits to 4.6311p (4.1348p). This is the maximum permitted.

Interest on the stock will be payable by equal half-yearly instalments of 28.50 (subject to deduction of income tax) per £100 nominal of the stock on April 1 and October 1, with the first payment of interest on October 1 in respect of the period commencing on July 23, and ending on October 1 and amounting to £2.53 (subject to deduction of income tax) per £100 nominal of the stock. The stock may be converted into Ordinary shares of the company in each of the years 1978 to 1985 at the rate of 165 Ordinary shares for each £100 nominal of the stock, which is equivalent to a conversion price of 64.52p per Ordinary share.

Applications will be made for the whole of the stock to be admitted to the official list of the Stock Exchange and it is expected that dealings will commence, not later than Thursday, July 3, the issue price of £100 per cent. is payable in full on acceptance not later than Wednesday July 23. The issue has been underwritten by Samuel Montagu and Co. and the brokers to the issue are Joseph Sebag and Co.

## WATERFORD GLASS

Waterford Glass announces that 3,680,760 10 per cent convertible cumulative preference shares (71 per cent) offered to shareholders by way of rights has been taken up. The balance of 1,505,318 convertible shares has been sold in the market at a premium over the issue price, which will be distributed to shareholders entitled thereto, except that no payment will be made for any amount less than £1.

## SIEBENS OIL

Applications have been received from shareholders in respect of 99.96 per cent of the 3m. shares issued by Siebens Oil and Gas (UK) by way of rights at 300p per share.

## Halftime fall at Investors Trust

Net revenue of Investors Capital Trust declined from £0.2m. to £0.2m. for the six months to May 31, 1975. More than two thirds of the total fund continues to be represented by overseas investments and the directors consider this spread "to be appropriate for the time being."

Stated earnings are down from 0.71p to 0.43p per 25p share and, as known, the interim dividend is held at 0.5p per share. The directors expect that the year's earnings will be more than sufficient for the maintenance of last year's total of 1p, paid on net revenue of £0.75m. Because of recovery in world stock markets and the further rise in the dollar premium, net asset value per share increased from 53.7p to 76p. During the first half there was no major movement of funds.

Reflecting mainly the particular strength of the U.K. market during the early part of the year, a geographical percentage distribution of investments at market value at May 31, 1975, and November 30, 1974, shows: U.K. 28.0 and 22.8; U.S. 32.7 and 46.1; Canada 7.4 and 7.3; Japan 10.2 and 8.8; Africa 2.4 and 1.4; Australia and Far East 7.7 and 5.3; Europe 1.5 and 1.8; cash deposits 2.1 and 6.6.

Revenue for the half-year declined from £1.12m. to £0.91m. It is explained that this is lower because it compares with a period when funds, which were subsequently moved overseas, were still employed in high yielding fixed interest securities in the U.K. and also because under the present spread of investments, the greater part of the total revenue is due in the second half of the year.

The U.S. Dollar Loan due to mature on October 14, 1979 will be repayable out of the proceeds of the sale of the relative investments and liquid funds. At May 31, 1975 there was a surplus which, if the loan had been repayable on that date, would have attracted the dollar premium amounting to approximately £888,667 or 1.4p per share of which no account has been taken.

Six months 1974-75 1973-74

Franked income	517,622	537,899
Unfranked income	29,199	30,620
Management expenses	96,199	96,199
Interest on deb. 600p	375,263	24,224
Tax	208,267	24,424
Net revenue	297,230	672,622
Profit, dividend	53,751	781
Invest	309,540	306,520

+ Consists of tax deducted from franked income received £145,545 (£170,435) and estimated tax on unfranked income £105,000 (£24,000).

## BIDS AND DEALS

## RIT pays £2.2m. for Hume stake

Robtchold Investment Trust has paid £2.2m. for a 25 per cent stake in Hume Holdings, an investment trust, which it describes as being a long-term investment.

A total of 100m. Hume "A" shares, are involved and these have been offered by buying in the stock market at 50.0p per share. The market purchases were arranged through RIT's brokers, Messrs. Fraser and Co. in conjunction with Hume's brokers, J. and A. Serimour.

Announcing the purchase yesterday, RIT said that it intended to hold the shares as a long-term investment and to work in close cooperation with Hume in areas of common interest.

Consequent on the share purchase, a new board has been made on the Hume board. Mr. James Serimour, who has been chairman of Hume for two years, is to retire on July 31 and he will be succeeded by Mr. J. Kenneth Clark, who is at present deputy chairman. Mr. Clark is also to join the RIT Board, while Mr. Louis Campbell is to represent RIT on the Hume Board.

The major part of Hume's investment is in shares in the U.K. and Australia, this accounting for 93 per cent of investments as at June 30, 1974. Hume has investments in a number of properties about £30,000 although this figure does not include the value of buildings and the site which is well suited for expansion.

## SHARE STAKES

Denshorne Investments (Jersey) now holds 1,25m. shares (17.43 per cent) in Dartmouth Investments.

J. G. Cliff now holds 9,950 stock units (11.34 per cent) in Holyrood Rubber.

Staker Walker Securities and subsidiaries are now interested in 2,456,995 (13.52 per cent) Ordinary shares of Baker Perkins Holdings.

Identibuy announces that on July 11 it bought 248,580 Ordinary shares in Electronic Machine Company.

Following termination of certain syndicate arrangements, Thames Guaranty has reduced its holdings to less than 10 per cent of Jamana Sugar Estates Ordinary shares.

## HISTORY TODAY

Edited by Peter Quennell and Alan Hodge

The July issue includes:

KOSCIUSKO: POLISH CHAMPION OF AMERICAN INDEPENDENCE

Arnold Whitridge

THE FOREST SAGA

William Seymour

THE EXTRAORDINARY VOYAGES OF ADMIRAL CHENG HO

Nora C. Buckley

DIEGO DE LANDA IN MEXICO

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## EDINBURGH INDUSTRIAL HOLDINGS LIMITED

Points from the statement to shareholders

"Each company in the group is in a strong position to take advantage of any upturn in the national economy," said Mr. J. G. Bizley, chairman, in his statement to shareholders.

In the light of economic circumstances since the year-end and as a result of the expansion programmes of the past three years and in general been put into reverse. Every possible economy was being sought to reduce break-even levels, particularly in those companies affected by de-stocking by industry or supplying the consumer industries.

Recent reviews of property owned by the group indicated a surplus of approximately £220,000 above book value, equivalent to an increase of 3p in the net tangible assets per share, but the valuations had not been included in the accounts.

Addressing shareholders at the annual meeting, Mr. Bizley said:

The policy of the past three years of acquiring companies with a few to development and subsequent disposal by public flotation is no longer practicable because of the changed economic climate. Consequently, the directors propose to sell certain companies and to concentrate on long term investment in the remaining activities, particularly those relating to the Electronics Division.

The directors are confident that this new policy will enable the company to meet the problems of industry today.

Group interests  
FOODWORKING • ELECTRONICS • PLASTICS • ENGINEERING  
SMALL TOOLS.

## Skytop/Brewster

a subsidiary of  
Texas International Company  
has acquired

## Derricks Inc.

Edward Bates & Sons  
North America

initiated the transaction and  
assisted in its negotiation



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equal thousands of  
toes

Slough Estates own and manage over 9.5 million square feet of industrial buildings on 14 prime sites throughout the U.K. — which means they must take into account the needs of many thousands of human beings.

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For a more detailed brochure and a copy of the latest report and accounts, please write to W.J. Baker, Director and General Manager, Slough Industrial Estates Limited, 234 Bath Road, Slough SL1 4EE.



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## INTERNATIONAL COMPANY NEWS + EURO MARKETS

## Toyo Kogyo outlines interim losses

BY CHARLES SMITH, FAR EAST EDITOR

TOKYO, June 26.

TOYO KOGYO, Japan's third largest car maker and one of the pioneers of the rotary engine, has reported current losses of ¥11.1bn. (about \$16.6m.) for the six months ending April this year. This reflects a sharp increase in costs and a decline in production at its Hiroshima plant.

In a statement accompanying the results, Mr. Kohji Matsuda, the company president, says he thinks Toyo Kogyo has overcome the worst effects of the recession. Toyo Kogyo started to get into trouble last year when sales of its rotary-engined cars were hit by fears about their high fuel consumption. The company, which is a highly integrated operation with a high break-even level, kept up production and thus had accumulated large unsold stocks by the end of the year. Unsold stocks in Japan reached 110,000 in February and 50,000 in the U.S., but the company has now succeeded in cutting back stocks to 94,000 in Japan and 14,000 in the U.S. Extra holidays, which were instituted early in the year to help reduce production levels, were terminated at the beginning of May and the company is now on a normal work schedule.

Toyo Kogyo's sales in the six months ending April totalled 310,637 units (passenger cars and trucks combined) compared with 380,378 in the same period of the previous year. The fall in the overall figure masks a very sharp decline in exports (down from 199,550 to 135,534) partly offset by an increase in domestic sales (up from 160,837 to 173,103 units). Toyo Kogyo introduced a new rotary engine with reduced fuel consumption at the turn of the year which received a good reception in Japan.

Toyo Kogyo's production target for the current six months is 320,000 units, well below its actual production of 364,878 units with 360,387 in the same period of 1974. It would appear difficult for the company to operate profitably at this level of output but forecasts are that the May-September period will show a very definite improvement on the previous business term. Toyo Kogyo still has massive outstanding bank loans—the current figure is ¥317bn. (\$476m.). But the company has very close relations with the two member banks of the Sumitomo Financial and Industrial combine and can apparently count on continued Sumitomo support.

One important question mark over Toyo Kogyo's future concerns the extent to which the rotary engine will be taken up by other manufacturers thus ensuring its acceptance as a standard way of propelling motor cars. Toyo Kogyo and General Motors exchanged visits by technical teams early this year in what appeared to be an attempt by GM to gather information for a decision for or against the rotary.

## Sharp setback for Swedish Match

By William Duffell

STOCKHOLM, June 26.

SWEDISH MATCH reports a fall in turnover and a substantial profit setback for the first four months of this year due mainly to over-capacity and falling prices on its West European markets. The report published today reiterates the forecast by managing-director Rolf Delmonoff at last month's annual general meeting of a "significantly lower" result in 1975 than in 1974. There are increasing signs that a general economic upswing will take longer to appear than estimated earlier, it adds.

The group invoiced sales of Kr.1,375bn. (\$153m.), over 4 per cent. down in comparison with the last four months of 1974 and three per cent. behind the turnover for the first four months of last year. The operating profit at Kr.49.5m. (\$5.6m.) was Kr.27m. down on the preceding period and Kr.73m. less than that achieved in the first four months of 1974, admittedly the group's best ever result. The pre-tax income for 1975 before capital gains of Kr.14.2m. was Kr.26m. (\$3m.) which compares with Kr.106.9m. for the corresponding period last year.

The pre-tax profit is encumbered with interest costs of Kr.40.5m. from the short-term borrowing the group had to undertake last year to cover rising costs. This borrowing is now being switched to medium and long-term loans, in order to improve liquidity.

"The divisions most affected by the collapse of the European construction market are board and interior products, whose German plants showed significant losses." Some 1,200 employees have been laid off from the Swedish Match Kubel factories since the beginning of the year. Short-time working has also been introduced at the group's paper and cardboard plants in Germany.

The original match division contributed over half the four-month operating profit, but the packaging division failed to maintain last year's high performance. One reason for the setback in this division is the continuing weakness of the U.K. market.

The report says that exports from Sweden to U.K. have in many cases "become clearly unprofitable" and have dipped sharply in volume as a result of market weakness and the decline in the pound. In spite of the fall in sales volume, stock increases for the group as a whole have been kept "within reasonable limits" but a spokesman said it was continuing to cut back production. The Swedish Match management believes its major markets have now hit bottom.

David Curry in Brussels explains why the compensation work which La Fabrique Nationale Herstal receives as a result of the Belgian Government's decision to buy American YF-16 is crucial to its plans to haul itself back into profitability.

## Arms deal kick-back

WHEN BELGIUM was painfully making up her mind whether to purchase some \$30m. of FN structure to establish profit centres with considerable powers of initiative and by establishing a substantial central planning secretariat. The major operating divisions of the company, now those dealing with military arms and with sporting arms, are being linked to a third holding company, which makes mass production of weapons for both of them but has no marketing function of its own, and the jet engine division. The bulk of turnover is concentrated in these divisions with weapons and motors over the past few years roughly equal contributions.

The structure is completed by two smaller divisions: the metal treatment operation, Formetal, which will receive useful work from the YF-16 contracts and industrial equipment, and the company's decision was that it was going to put more weight behind the sporting equipment operation, particularly by opening up leisure activities as the company level like clay pigeon shooting, tennis and golf clubs. It decided that it was too heavy to have 75 per cent. of sales dependent on State purchase of military hardware.

A further important factor in the analysis of FN's position was the mounting cost of labour, combined with the strength of the Belgian franc which made it so difficult to remain competitive in vital export markets like the U.S.

The logic of these two priorities combined was to elaborate the company's network of subsidiaries and holdings in areas like knowhow and non-military goods, particularly by overseas investment.

Finally, the company decided to meet head-on the problems caused by the kick-backs and confound the Herstal FN has decided to decentralise physically by developing green-field sites within Belgium, but not necessarily close to Liege. It hopes that this will make available new sources of labour, reduce the strain on industrial relations. A model workshop has already been established at Harze, while Formetal will be the first division to be restructured, giving the divisions remaining in Herstal more room for manoeuvre.

The company is also carrying a heavy burden of debt. Long-term indebtedness has risen from B.Fr.546m. to B.Fr.790m. in the current year, and short-term debt from B.Fr.3.1bn. to B.Fr.5.8bn. Own funds are around the B.Fr.1.5bn. mark.

Some three years ago the company's relatively new management began to work out how to bring to an end this deleterious situation of statistics. It began by On top of this is seems pro-

## Mixed trends in chemicals

BY GUY HAWTIN

FRANKFURT, June 26.

TWO MORE OF West Germany's leading manufacturers have announced that the current year has been marked with falls in turnover and demand. The Huels concern reports that group turnover fell by 35.3 per cent. in the first five months, but Schering states that it has only been mildly affected by the downturn. Huels said that January-May turnover this year totalled DM12.6bn. compared with DM12.3bn. the previous year. Home sales were off 24.1 per cent. compared with the year before, and overseas sales plunged heavily by 30.4 per cent. Overseas business accounted for 41.2 per cent. of the group's turnover in the first five months of 1975 compared with 43.2 per cent. in the same period of the year before.

Chemische Werke Huels AG registered a turnover of DM8.6bn. over the period—25.9 per cent. beneath the DM1.08bn. recorded in January-May 1974. Domestic sales were off by 22.2 per cent., while exports dropped by 31.3 per cent., reducing proportion of exports in total turnover from January-May 1974's 49.3 per cent. to 37.4 per cent. Dr. Karl Monkemeyer, the chief executive, told today's annual meeting that 1974's results—the best in many years—would certainly not be equaled in 1975. The falls in volume and prices of the concern's main product lines since the last quarter of 1974 had resulted in the group's running at between 60 and 70 per cent. of capacity.

Things could change, however, and it was likely that there would have to be further short-time if the situation had not improved by September. Despite the downturn, Huels plans to increase investment in 1975, increasing it from 1974's DM 182.5m. to DM200m. Schering, on the other hand, reports that, contrary to the trends among other chemicals producers, exports have increased and turnover has risen. Executive Board member, Herr Karl Otto Mittelsteinscheid, however, pointed out to

today's annual meeting that growth had been curbed by the economic downswing. Herr Mittelsteinscheid said that Schering group turnover in the first five months had increased by 2.3 per cent., while the turnover of Schering AG had risen by 3.5 per cent. This, he said, was largely as a result of developments in the pharmaceuticals and pesticides divisions which were relatively independent of the industrial cycle.

While exports had increased, he said, domestic business had generally stagnated.

## Fison's profits optimism

BY GUY HAWTIN

FRANKFURT, June 26.

MR. GEORGE BURTON, chairman of Fison's, forecast here that the chemicals group would show an improvement this year in profits "at least equal to that of the average rate of inflation" in the countries in which it was operating. The group was budgeting for superior results to 1974 in every respect and "I can say for the first five and a half months we are on that track".

In the 1974 business year, the group, which has a world group turnover of £202.1m., reported gross profits up 35.8 per cent. to £14.6m. and net profits up 26.3 per cent. to £7.4m. While Mr. Burton's forecast can hardly be described as precise—the group operates in 133 countries—pre-dictions of profit increases by

## More aid for Aker

BY FAY GJESTER

OSLO, June 26.

NORWAY'S AKER shipbuilding group is to get further financial assistance to help it adjust to the problems it faces as a result of massive tanker order cancellations.

The State Industrial Assistance Fund has announced it will give the group a direct loan of Kr.25m. (\$2.3m.), and the Fred Olsen shipping concern (the Aker Group's biggest shareholder) is to lend it the same amount. In addition, the Industrial Assistance Fund will guarantee a loan of Kr.100m. (\$9m.) to Aker.

These latest measures, together with the Government's recent undertaking to provide foreign loan guarantees totalling Kr.225m. (\$20m.) will ease the Group's cash problems.

There is a price tag on the loan in building refrigerated food ships, said yesterday, he had been relieved to learn that Aker would move into building more offshore oil equipment, in order to employ its tanker yards.

## Alexis Springer dips

By Jonathan Carr

BONN, June 26.

AXEL SPRINGER Verlag, the publishing house with much the largest market share of daily newspapers in West Germany, saw a small increase in turnover in 1974 but a major fall back in profit. Like its competitors, it was badly hit by rising personnel and newspaper costs and a drop in advertising revenue.

On the positive side, Board member Peter Tamm revealed that sales had developed well—in particular for its mass circulation daily "Bild", whose daily sales jumped by 350,000 in 1974 to well over 4m.

West German publishers have been seeking from the Government, among other things, the abolition of VAT on newspaper sales, and the placing of paper on the list of materials qualifying for Government subsidy. (The price has risen from DM530 per tonne in 1972 to DM953 per tonne last year.) There is little sign that such action will emerge.

## Bruxelles-Lambert deal on

By David Curry

BRUSSELS, June 26.

SHAREHOLDERS OF the Banque de Bruxelles yesterday approved the purchase of the Banque Lambert for B.Fr.3.2bn. by the Banque de Bruxelles to create a merged company disposing of some B.Fr.180bn. in deposits. The new bank, the Banque Bruxelles Lambert, will be the second largest in the country after the Societe Generale de Banque, and will have a balance-sheet total of around B.Fr.350bn.

Approval was also given for the issue of a B.Fr.3.3bn. subordinated loan to be put up by the bank's major shareholders. The holding company of the new bank, Compagnie Bruxelles Lambert, which was sole owner of the Banque Lambert and had a significant holding in Banque de Bruxelles prior to the merger, will subscribe some B.Fr.2bn. of this at 9.25 per cent. interest. The effect of the loan will be to raise the equity of the bank to around B.Fr.10bn.

M. Jacques Thierry, who has moved from the Compagnie Bruxelles Lambert to run the new bank, was at pains to emphasise that shareholders would not suffer from the merger. He was speaking against a background of last year's Banque de Bruxelles foreign exchange loss of B.Fr.3.529bn., which wiped out profits and dividends completely for the financial year which closed at the end of March. The financial effects of this loss caused the postponement of the grant plan for the restructuring of the Compagnie Bruxelles Lambert.

## Herstatt terms

By Nicholas Colchester

BONN, June 26.

THE RECEIVERS of the collapsed Herstatt Bank will be paying subordinated creditors, the banks and the public authorities, 50 per cent. of the settlement that is due to them at the beginning of July. A further payment will probably follow later in the year.

Announcing this today, the receivers said that their task had been made considerably easier by the unwinding of Herstatt's affairs in the U.S. and by the freeing of the assets held there by Chase Manhattan Bank, announced at the beginning of this month.

Under the settlement terms agreed last winter domestic banking creditors should ultimately receive 45 per cent. of what they were owed by Herstatt.

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The Financial Times Friday June 27 1975

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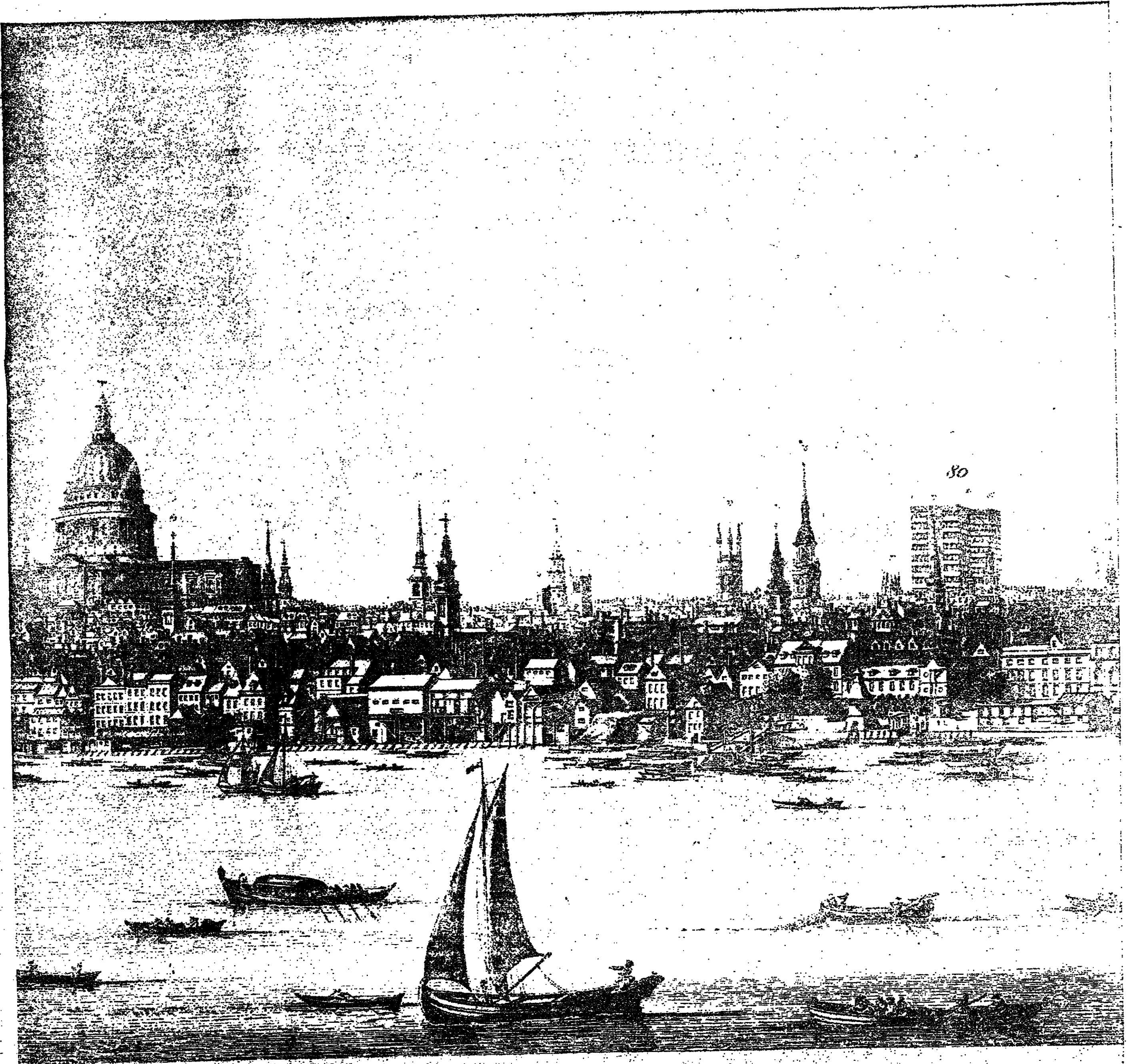
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# The Property Market

BY JOHN TRAFFORD

## Siege is no pointer to trends in investment

THE FAILURE of the Siege Estates' auction in London yesterday was no surprise, despite the predictably bullish remarks of Mr. Peter Davies, the Siege managing director last week. Of the 39 lots in the catalogue, many were withdrawn and others combined. In the end only £301,000 was realised from the sale of just four lots including the company's Mayfair headquarters in Curzon Place which fetched £250,000. The major property, the 73,800 square foot Benda House office block in Hammersmith, west London, was not sold at its reserve price of £5.75m. The company has maintained that the portfolio was worth over £20m—equivalent to the outstanding borrowings—so no-one will be rejoicing at the sum actually realised. Too much should not be read into the result, however. It was largely a speculative development portfolio without a single prime, fully let property. A better result would have been a tremendous tonic for the industry but failure is no indication of a lack of interest in top quality properties. If evidence is needed one need only quote Trafalgar House's experience with Cleveland House

in St. James's Square in London. As many expected the long leasehold was sold to the Prudential Assurance who are owners of the freehold. The initial yield, just over 7 per cent, suggests an agreed price of around £4.3m. But behind the Pru there were a number of other bidders. Although Victor Matthews, Trafalgar's managing director, will not name numbers he does at least indicate that other bids might have been acceptable if the Pru had stayed away.

Leading agents report a growing interest in property investment from the smaller pension funds who previously have not been in the market as well as from the established operators. Bidding for prime office blocks has, in some cases, been very brisk indeed. In one recent deal involving less than £1m, half a dozen bidders offered the asking price and the successful contestant finally got the property at a yield of below 6.75 per cent. In the space of the past three months prime office yields appear to have fallen by at least a 9 per cent, if not more to current levels which range from 6.5 to 7.25 per cent. Good shops are a shade higher while the best industrial seem to be fetching 9.25 to 9.5 per cent.

The dichotomy of the past few months—strong demand for the very best property and a glut of unsaleable, less attractive property—is getting worse. The area of particular interest now may well be top-quality property with a reversionary content. But the risks are clearly there, especially as the day approaches when Mr. Hesley will present his anti-inflationary package, which

could possibly include some measures on commercial rents. With that sort of risk in mind many property owners are instructing agents to negotiate with tenants to buy out existing leases (with antiquated rent review patterns of 14, 21 or more years) and offer a modern lease in their place. If you have a property that can be turned into a prime, rack-rented asset, now seems a good time to take action on the lease.

There even appears to be some tentative revival of interest in prime office sites, some without planning permission. This, of course, applies, particularly to those towns and cities in the south east where there is a dearth of new offices available but, as a later article in this column points out, the same trend is to be found in some of the favoured northern cities like Leeds.

On the industrial front, Chamberlain and Withlows, in its half yearly report on the market just published advises owners not to sell factory or warehouses which they do not need. "The message at the present time is loud and clear," they say, "now is the time to buy, not to sell."

## City rents and the P and O

THERE can be few better indicators of the current market in prime City office space than rent levels in the P and O building in Leadenhall Street. Last week, following an arbitration ruling from Kemsley Whiteley and Ferris, the rent for one of the floors was fixed at no more than £15 a square foot.

With some of the floors still development scheme is the letting at over £25 a square foot, the ruling is a significant one. Rent reviews will be eagerly awaited by tenants with reviews coming up shortly.

The background to the recent deal is this. Credit Suisse White Weld have a lease on the 9,800 square foot first floor of the building, with a seven year review pattern. When the review came due, P and O pressed for a high rental of more than £30 a square foot.

The tenants, not surprisingly, resisted and suggested something below £15. The parties went to arbitration and the final level was far closer to the tenant's figure than to that proposed by the landlord.

Of course, arbitration is not the open market. It tends to produce compromise solutions lying somewhere between the positions of the two irreconcilable parties. But would £15 a square foot have been reached on the open market? There are some in the City who think not.

P and O was represented by George Trollope, Credit Suisse by Savills.

## Office scarcity in Leeds

LEEDS is facing an acute shortage of office space. Like many other cities, there has been virtually no new development during the past 18 months. Added to that the pro-conservation, anti-development Labour-dominated council (on which Labour lost its position as largest party in last month's elections) has created conservation areas and listed so many buildings that many city centre schemes have been delayed or abandoned.

With the exception of one office block, there is virtually no new office accommodation in the city centre. There are a number of refurbishment schemes in Park Row, Park Place and Park Square but the only major

## Earls Court wants to modernise

THINGS are beginning to stir in the grey fastness of Earls Court, London's well-known but little loved exhibition and entertainment centre. Christopher Stewart-Smith, chairman of Earls Court and Olympia Limited, the Town and City subsidiary, is having friendly and informal discussions with the Greater London Council to see if any money or other help is forthcoming to help him modernise the place.

Plans have been drawn up to improve pedestrian access, the lavatories—and submitted to the GLC's current policy on office development in central London. But failing that, he still hopes that the GLC might buy into the company or even buy up the property and let the company manage it. He sees the need for London to have one decent exhibition centre as a means of helping exports.

The question is whether others have the cash to make their support more meaningful. By the end of the month, the GLC is expected to have indicated the way its corporate mind is moving.

If all the plans were adopted, the total cost would amount to some £10m, but Stewart-Smith sees very significant improvements if £3-5m is spent on the structure which was built in 1937 and fully looks its age.

The exhibition organisers have been applying strong pressure to the company for some time, fearing that if Earls Court is allowed to continue to run down it will become progressively less competitive with exhibition centres in Germany and elsewhere—and will also begin to lose heavily to the 920,000 square feet National Exhibition Centre near Birmingham which is due to open next February. There is just one snag with all the pressure: none of the exhibitors feels inclined to pay much more for exhibition space than he does at present.

Money is the problem. Town and City is not doing any development at present and institutions would not look

The Financial Times Friday June 27 1975  
Kindly on financing this kind of refurbishment.  
The obvious source is the GLC and, even in these hard times, Stewart-Smith is not wholly despairing of getting some help.

His company would like to see permission for the office block through it would breach the GLC's current policy on office development in central London. But failing that, he still hopes that the GLC might buy into the company or even buy up the property and let the company manage it. He sees the need for London to have one decent exhibition centre as a means of helping exports.

## Facts with which to fight

WHAT can be done to make businessmen, politicians and the general public more aware of the contributions made by the property industry to the economy? One worthwhile idea is put forward by Michael Hanson, writing in the June issue of The Property Journal.

Hanson proposes a Property Research and Information Association set up by the industry but run independently as a non-profit-making professional body. It would carry out and disseminate research and information about the industry to Parliament, the construction industry, the financial world and the public. "It should do this," writes Hanson, "through lectures, films, publications, news reports, press releases and photographs."

Hanson is certainly right about the need for more information. But it would be a pity if this kind of body of the necessary skills to get the

## OUT AND ABOUT

● Ashville Group has begun work in the first phase of its 20-acre trading estate at Abingdon near Oxford. The estate fronts the new A34 Abingdon by-pass which is to form part of the Birmingham-Southampton motorway. The first phase will cover four acres and provide 15,000 square feet of warehouse and factory space in units from 6,000 square feet. The units should be completed in October. Hillier Parker May and Royden are main letting agents.

● Keith Andrew's three-phase 16-acre development at Marshgate trading estate in Stratford, East London, funded by the Royal London Mutual Assurance, is going well. The second phase is being taken by Wiggins Teape for its North London and Eastern Counties distribution centre. The first unit of Phase One—12,300 square feet of warehousing and 2,800 square feet of offices—is complete. The third phase will be developed to individual requirements. Joint agents are Connells and Conrad Phoenix.

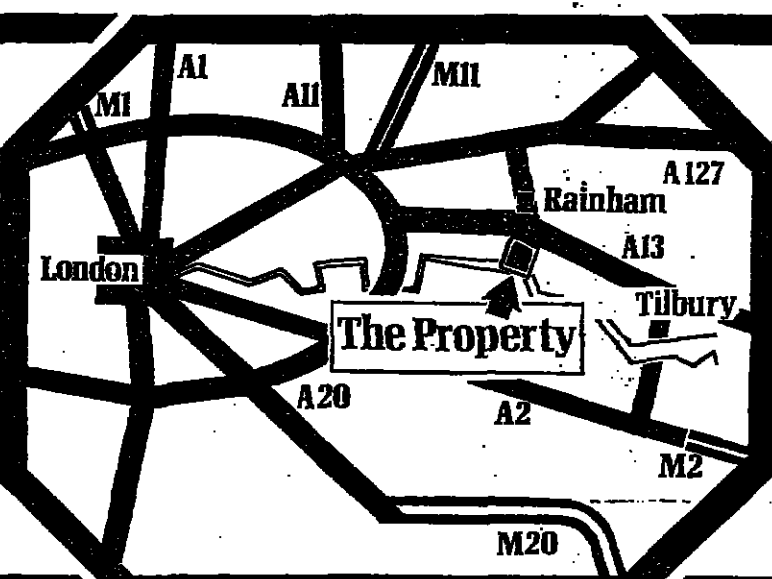
● Details of the deal in France between Slough Estates and Mackenzie Hill reported last week are as follows. Slough has bought Mackenzie Hill's interest in Anglo-French Industrial Developments for £463,790. The company has two industrial estates, one at Colombe (a warehouse of 18,000 square metres) and one at Bures-Orsay (two warehouses, 34,000 square metres). Another jointly-owned company in France, Sodevix, is currently developing 23,000 square metres at Isle d'Abeau and has projects planned at Evry, Lisses, Cergy Pontoise and Fleury-les-Aubrais. Sodevix is not affected by the deal.

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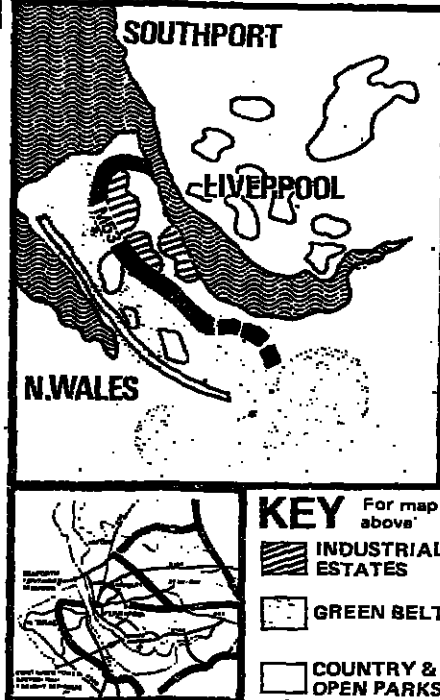
A range of fully serviced industrial sites, and new factory units is available for sale or lease, at prices considerably lower than those in the South of England (commercial property rents in the Wirral tend to be 1/3 of London levels and many companies have moved from the South of England to Merseyside to take advantage of lower operating costs). 67 HECTARES (155 acres) OF PRIME INDUSTRIAL SITE LAND IS IMMEDIATELY AVAILABLE FOR DEVELOPMENT.

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As a result of direct motorway access through the new Walney tunnel the Wirral is now adjacent to all the major U.K. markets, and that means 60% of U.K. exports are only a couple of hours away. Wirral's new industrial sites have the extensive on tap services of the deep sea port of Liverpool which are particularly suitable for offshore, dock side and imported raw material process industries.



## Wirral—a delightful place to live and work

Despite the growth of the large industrial complexes, and the smaller component and service industries, and the port and motorway complexes that feed it, the Wirral has remained a very pleasant place to live and work.

### LEISURE AND SPORTS.

Sailing, golf, sea-yachting, horse riding, motor racing and an abundance of the more leisurely country park facilities are all only a stones throw from any of the industrial and commercial centres on Wirral.

### HOUSING, WELFARE, EDUCATION.

Moving a company to a growth area isn't just machines and buildings. It's also moving people and families who need secure social surroundings. Wirral can boast an extensive housing supply situation to cater for any income group and likewise Wirral's welfare and education facilities are second to none.

## COUNTRY PARKS, FARMLAND, FINE SANDY BEACHES AND NORTH WALES AND THE LAKE DISTRICT AT HAND.

Wirral is endowed with acres of fine rolling countryside meeting the sea as it does on three sides of the peninsula. The area is rich in cultural heritage as well as being famous for its three large country parks. The country's finest National Parks, the Lake District and Snowdonia are merely a couple of hours from Wirral.

## HOW TO GET EXPANSION MOVING.

FIND OUT ABOUT INDUSTRIAL AND COMMERCIAL SITES AND OFFICES IN WIRRAL.

You are cordially invited to a PRESENTATION ABOUT WIRRAL 8th to 10th July, 75

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Please telephone Mr John Price, Director, on 01-405 0488 so that we can arrange that anyone you wish to speak with will be available.

DON'T FORGET RING 01-405 0488 NOW!

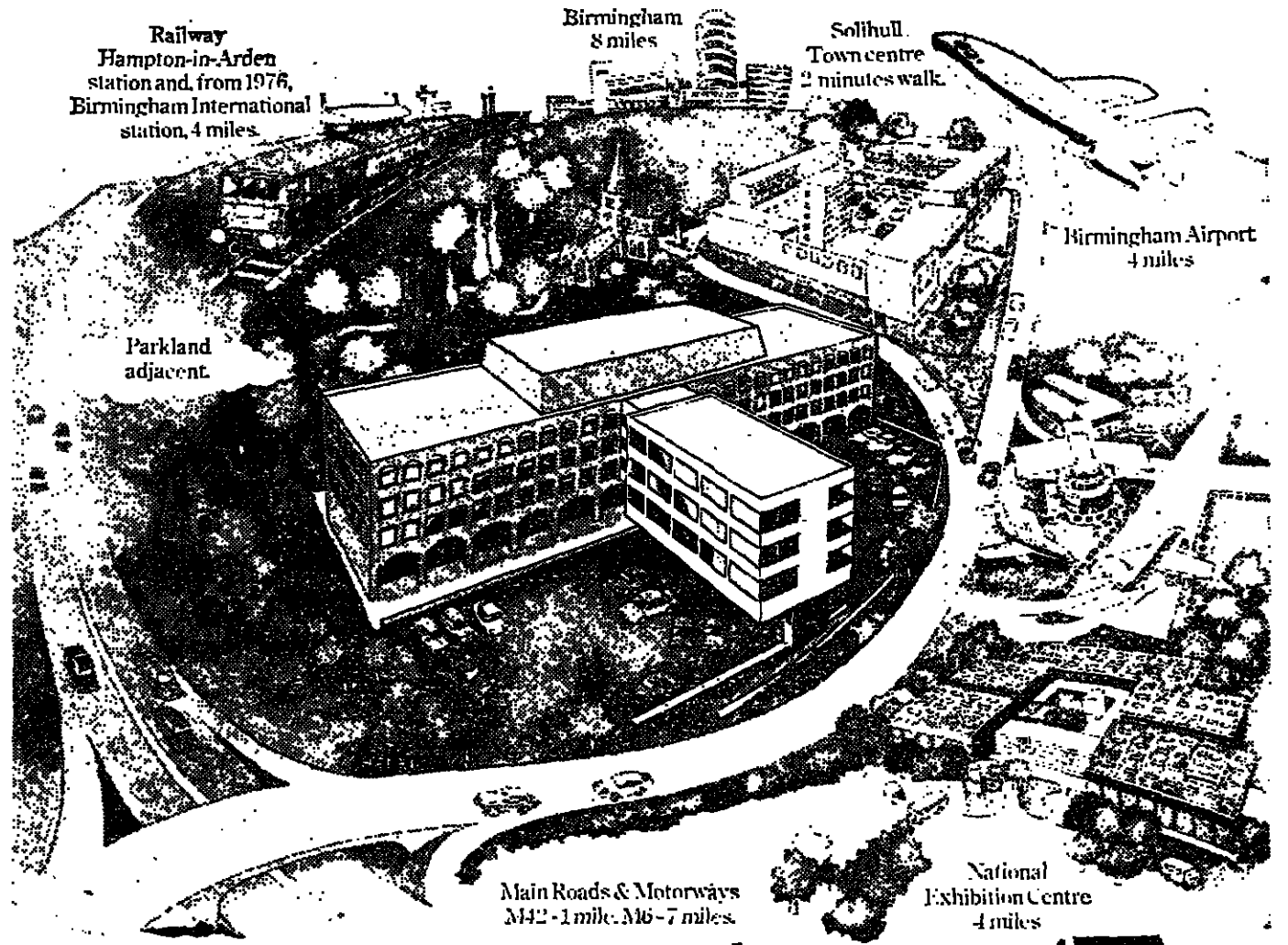
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**Space** 50,000 sq.ft. of first quality office accommodation, on five floors, in units of 5,500 sq.ft. **Features** \* Two Lifts \* Air Conditioning \* Car Park for 180 cars, 50% under cover. COMPLETION-JULY 1975

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In the middle of the Midlands.

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ENTIRE FLOOR MODERN BUILDING

Approx 13000 sq ft

IMMEDIATE OCCUPATION

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17,260 sq. ft. ONLY REMAINING ON GROUND AND SECOND FLOORS DIVISIBLE

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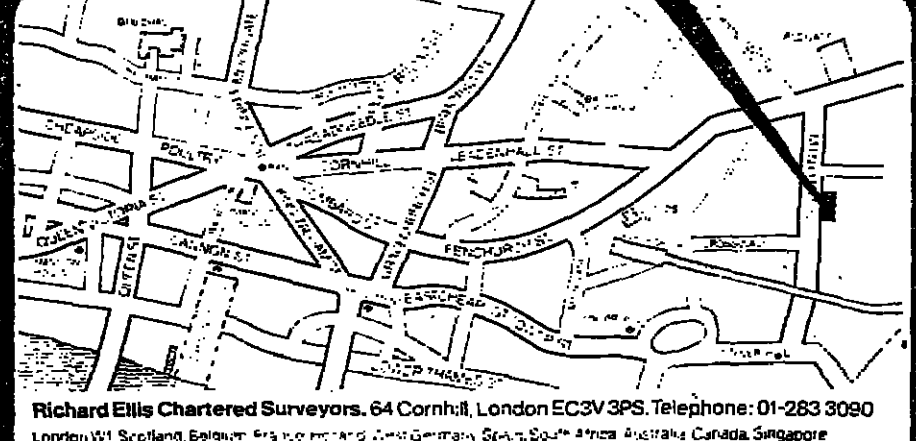
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**R Stewart Newiss & Co**

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Approx 8,000 sq. ft. Offices



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**179,400 sq.ft Offices**

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Due for completion November 1975

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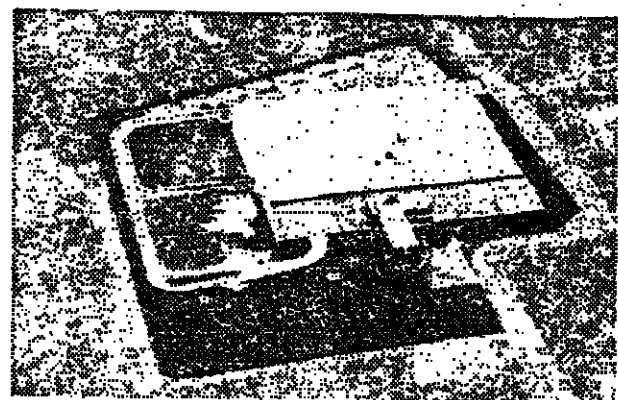
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MAINLY ON ONE FLOOR

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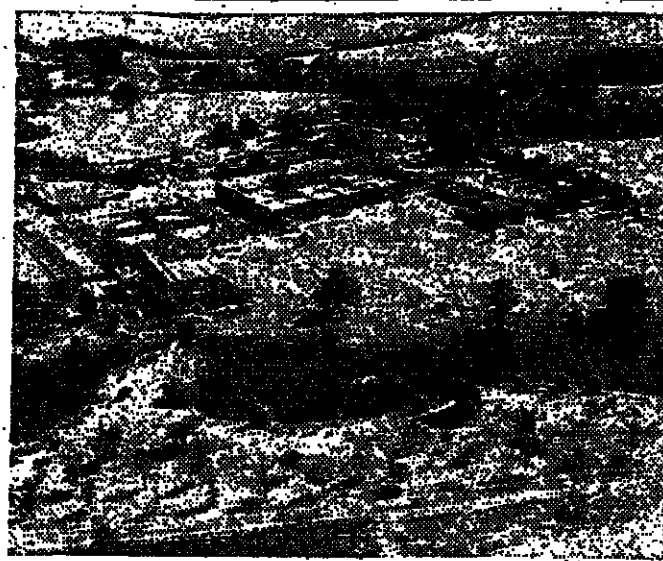
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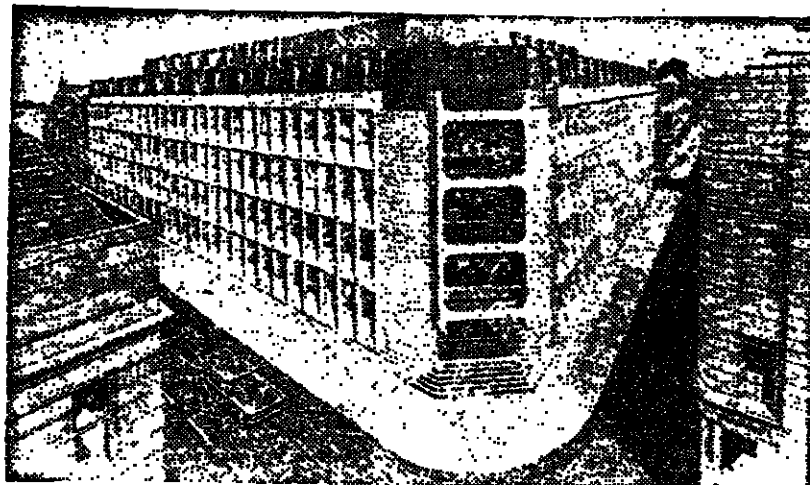
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**"EBURY HOUSE"****PRIME OFFICE BUILDING**  
**TO LET****47,300 SQ. FT. ON 5 FLOORS**

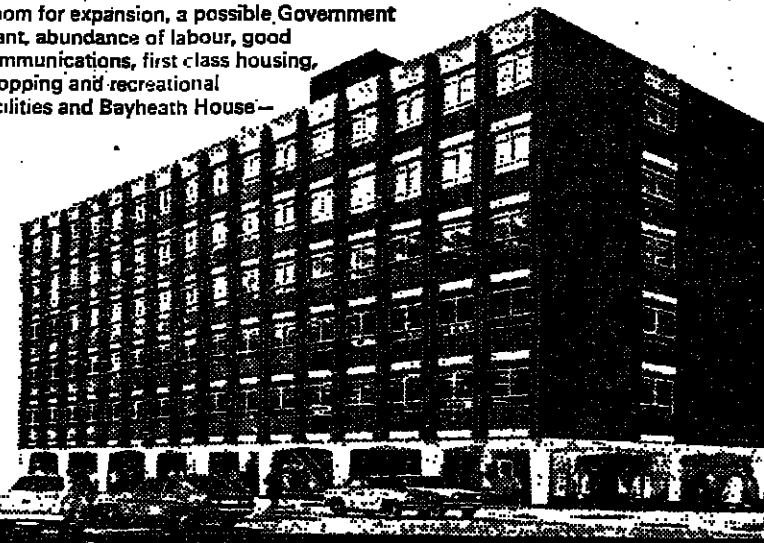
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 New Industrial or  
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 Available for  
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**Burgess Hill** Sussex  
**Warehouse Units**  
**To Let****Immediate**  
**Occupation**
 First class access  
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UNIT NO	SQ FT
1	4,900
2	4,900
3	7,350
4	9,730
5	12,180
6	13,220

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 8,300 sq. ft. 3 Floors in  
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 1,500 sq. ft. S/c Floor. Lift. CH.  
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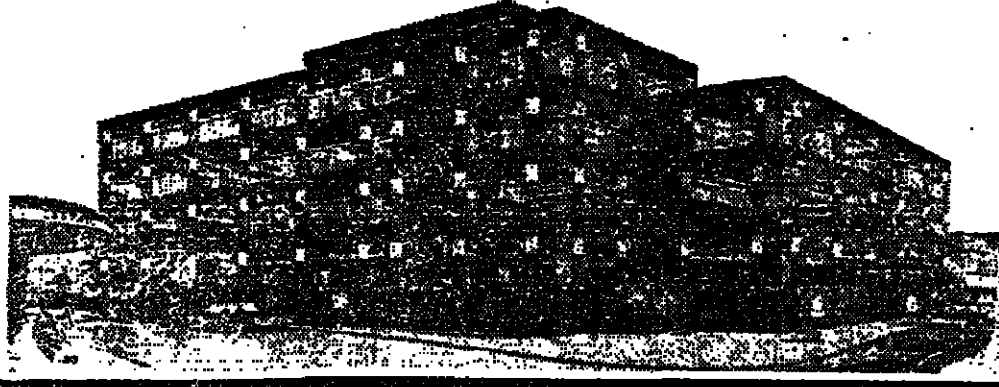
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## Brighton

Britannia House

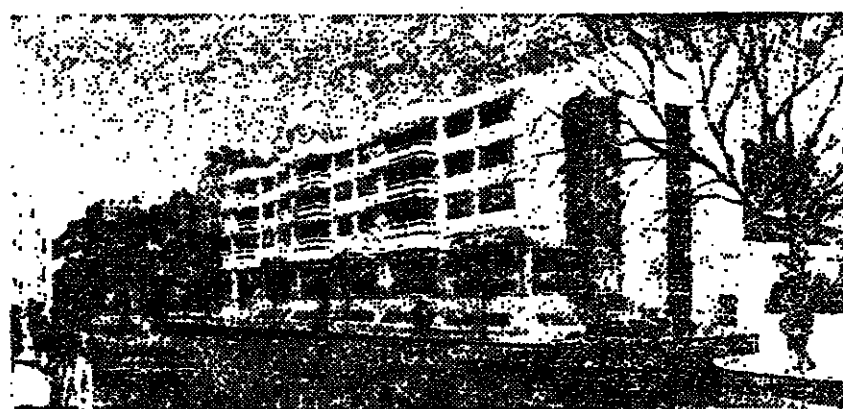
**8,232 sq. ft.**  
Office Accommodation  
**To Be Let**

Joint Agents:

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## Folkestone



New Offices with Storage  
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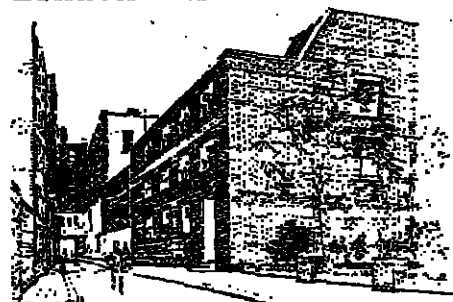
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\* First floor suite **11,445 sq. ft.**  
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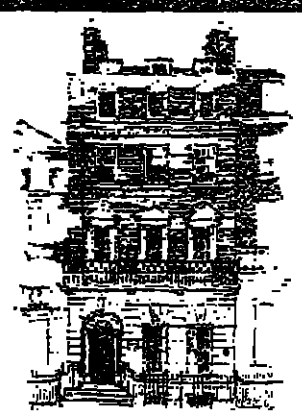
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No Premium. Long Lease.

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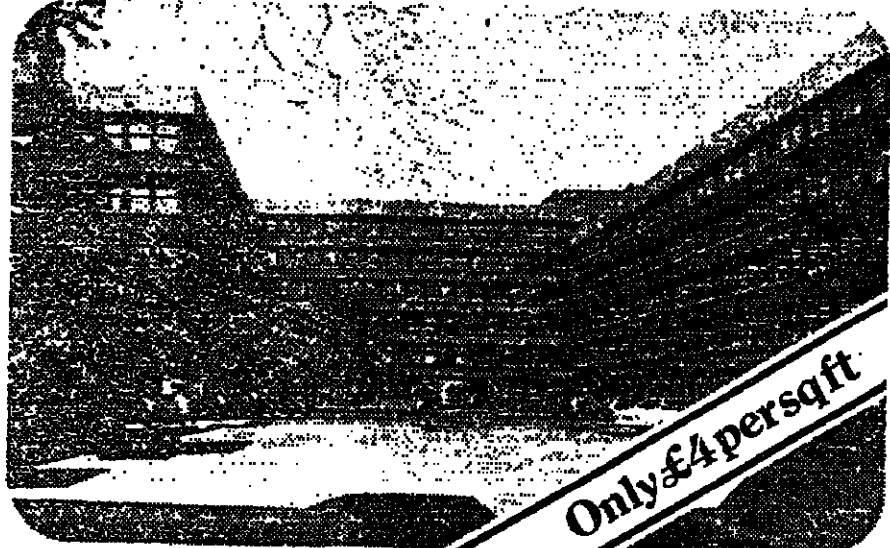
**KING & CO.**  
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Tel: 01-226 3090  
Telex 885485

(A) Frank Innes,  
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**95,000 sq.ft. approx**

in units of 21,500 sq ft, 30,500 sq ft and 42,700 sq ft approx

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planning consent for  
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Two Superb Office floors  
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**New air conditioned Building**

Car parking \* Automatic lift  
Station one minute \* Carpeted  
Acoustic ceilings with inset lighting

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Under 1/2 mile underground  
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Eaves height up to 16'0"

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**New Single-Storey Warehouses**  
**4,300-22,720 sq ft**

Rental from only £0.75 p.s.f.  
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**£9 per sq. ft. No Premium.**  
**sq. 7,700 ft.**

**Prestige Office Building**

\* Automatic Passenger Lift \* Air conditioned Principal's Office  
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ALL FIXTURES & FITTINGS INCLUDED.

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Dublin Corporation invites offers for the development of a site having an area of approximately 13 acres at Nutgrove Avenue, Rathfarnham, for shopping and commercial development.

A brief containing further particulars may be obtained at the Development Department, Exchange Buildings, Lord Edward Street, Dublin 2, on payment of a non-refundable fee of £5.00.

Offers on the official form should be addressed in sealed envelopes marked "Shopping and Commercial Development, Nutgrove Avenue, Rathfarnham" to the Assistant City Manager, Development Department, Exchange Buildings, Lord Edward Street, Dublin 2, so as to reach him not later than 12.00 noon on Friday 31st October, 1975.

The highest or any offer will not necessarily be accepted.

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Bolton — Ground and 4 upper flrs. — 100,000 sq. ft. from 10p per sq. ft. p.a.  
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Manchester — 16,000 sq. ft. gr. fl. with loading yard — £4,500 p.a.  
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35,000 sq. ft. available in total.  
Also Basement Premises for Licensed Restaurant/Club.  
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Apply to **LESLIE FINK LTD.**

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On the instructions of The Caravan Club of Great Britain  
**Two superb Mayfair Office Buildings**

**34 Brook Street W1.**  
**5,764 sq. ft.**  
**To Let at £7.80**

**65 South Molton Street W1.**  
**3,200/10,400 sq. ft.**  
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Amenities in:

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**2336 sq. ft.**

11yrs RR 1979  
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**TO BE LET**

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WITH  
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7,050 SQ. FT. (654.97m<sup>2</sup>)  
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**FREEHOLD SITE**  
approx. .45 acres  
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Current rental: £7,750 p.a.

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141,000 SQ. FT.-8 ACRES

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1,800 sq. ft.

at only £1.32 per sq. ft.

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Ref. JEN RGCD

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4,500 sq. ft. s/c offices on c.s.

floor. Div. div. div. c.s.

Attractive terms.

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First floor office of 1,200 sq. ft.

approx. Could be divided. £120 p.a.

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SUNSLAW HIGH STREET 2,350 sq. ft.

s/c offices. 100 sq. ft. parking. 10

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+ Double Glazing Throughout.

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HULL



## GOLD MARKET

NEW YORK, June 28

	June 28 1976	June 29 1976
Gold bullion (a fine ounce), close	\$165.16	\$164.51
Opening	\$164.44	\$165.04
High	\$164.10	\$164.10
Low	\$164.10	\$164.10
Afternoon	\$167.950	\$167.950
Settlement	\$167.986	\$167.986
Gold coins (domestically)		
1/2 ounce	\$185-187	\$185-187
1/4 ounce	\$185-187	\$185-187
New sort	\$551-571a	\$551-571a
Old sort	\$284-384a	\$284-384a
Gold coins (internationally)		
1/2 ounce	\$169-170	\$169-170
1/4 ounce	\$175-76	\$175-76
New sort	\$350-51	\$350-51
Old sort	\$224-234a	\$224-234a
50 Eagles	\$346-350	\$346-350
10 Eagles	\$180-185	\$180-185
50 Liras	\$8-9	\$8-9

that the pound might fall in terms of the dollar, the pound sold at a slight discount to the market's concern over the pound's prospects. The Bank of England gave a certain amount of assistance, operating (as it has occasionally in the past) in its own name through the buying of pounds. The firmer trend seen lately in dollar interest rates again worked against the pound's recovery. In terms of the dollar, the pound fell 155 points on balance, to \$2.2435-2.2435—opening at \$2.2470-2.2485 and falling to \$2.2485-2.2495 in the late morning, but touching \$2.2450-2.2460 in mid-afternoon.

June 26 1976	Bank Buyer %	Market 1	
		Day's Spread	
New York	8	2.3235-2.3245	2
Montreal	8	2.3125-2.3145	2
Amsterdam	8	5.423-47	2
Brussels	6 1/2	78.60-79.20	2
Openair/gent	8	12.20-12.28	1/2
Frankfurt	8	54.60-54.70	1/2
Lisbon	8 1/2	54.00-54.90	1/2
Madrid	17	126.10-128.90	1/2
Milano	7	1.405-1.416	1/2
Paris	8 1/2	12.95-13.09	1/2
Stockholm	7	8.75-8.84	1/2
Tokyo	8	680-676	1/2
Zurich	4 1/2	55.90-57.60	1/2
		55.50-5.53	1/2

1 Basic discount.      2 Rates given  
convertible francs      c/m 100

**Hong Kong Bank**  
seats at \$HK18.50

cents at \$HK16.50, Huihsan 2 1/2 cents at \$HK2.375, Jardine 20 cents \$HK23.30, Hong Kong Electric 2 1/2 cents to \$HK3.525, China Light 40 cents to \$HK14.90 and Hong Kong Telephone 10 cents to \$HK17.00.

**TOKYO**—Market eased in light trading on caution over the fall of the yen against the U.S. dollar. Turnover 120m. (160m.) shares.

Electricals were lower, led by Sony, down Y40 to 3,730.

Blue Chips also fell as dealers

"Marginal" and "speculative" shares gained 5 to 15 cents, "mediums" 10 to 20 cents and "heavyweights" up to 75 cents. Financial Minings were mixed. Coppers were lower. Leading Industrials were steady

**AUSTRALIA**—Irregular in dull trading ahead of year-end book squaring.  
 Coals, however, met active support, with Utah gaining 20 cents to a high for the year of \$A7.50. Thies put on 3 cents to \$A2.38 and Coal and Allied gained 8 cents to \$A2.40.

Minings were mixed. Pan-continental were 5 cents down at \$A3.30, while Poseidon fell 15 cents to a new low for the year of \$A3.10.

Among Oils, Woodside-Burmah rose 4 cents to 69 cents.

Cyclone dipped 5 cents to \$A1.95. CSR shed 5 cents to

**SA4.15 and Bank of NSW 6 cents to \$A6.34.**

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**GERMANY ♦**

June 28	Prices Dm.	+ or —	Div. %	Yld. %
A.E.G. ....	68.2+0.2		—	—
Alcoa .....	457 — 1		17	2

Midwest	220	14	3.4
N.W.	125.5	17	6.9
BASF	109.5	17	6.9
Weyer	304	18	3.0
Weyer Werke	326	18	2.4
Chemierbank	200	17	4.3
Coml. Gumm.	70.5	—	—
Outimier	287	15	2.9
Leucassa	230	18	3.9
Demag	200	15	3.9
Deutsche Bank	293	30	2.4

Dresdner	231.5	+1.5	18	3.9
Dyckerhoff & Zent.	162	-4	14	4.3
Eisenberg	71		8	5.6
Guthofenhaus	161.5	-1	14	4.5
Haupt Lloyd	122	-1	9	3.7
Harpner (H.M. 100)	176.5		8	4.5
Hochst.	123	-1.2	18	7.1
Hochst.	49.7	+0.3	10	1.0
I. G. Farbenindustrie	3.50		-	-
Kali Salz (H.M. 150)	118.2	+0.2	5	2.1
Karstadt	444	-1.5	20	2.0

Kaufhaus	257	+1	20	4,0
Fleischerei Dyl 100	92,5	+0,5	6	6,6
Kloek Hambro	132,3	-0,4	6	2,0
Krön Naffel (D100)	565		15,5	2,8
Krupp (D100)	112	-6	10	7,9
Kundenkredit Bf	390		16	2,8
Limbe	198	-0,5	16	4,1
Lowenbrau D100	1,830		20	1,0
Leitbros	58	+0,8	4	3,4
M.A.N.	155	+2	12	4,0
Messing	292		14	5,1

Metallindustrie	278	+3	18	3.1
Mechanische	257	-9	12	2.5
Münch. Rückvers.	127	-	18	1.7
Neckermann	601	-1	6	2.9
Reinhold DM 100	137	-0.5	7	5.1
Kreislauf 10.150	54.6	+0.5	5	4.5
Rhein Westloct.	115.5	+0.5	16	6.9
Schering	402	-3	20	2.5
Siemens	258	+0.5	16	2.7
Südwest	245.5	+0.5	18	3.7
Thyssen	74	-	14	9.4
Verein u. Wirt. Rk.	321	-	18	2.8

June 26	Price Frs.	+ —	Div. Frs.	Yld. %
Air Liquide.....	541.5	+1.5	16.5	4.7
Aquitaine.....	456	+1	22.5	4.7
Bearbin.....	131.2	-0.8	11.03	8.4
U.S.N. Gervais.....	438	5	37.4	8.2
L'Asphalte.....	898	-38	57.3	3.8

Charron	176.6	-1.3	15	8.3
Charron Esmis	37.5	+0.2	5	—
Citroën	140	+1.1	12	10.5
Fr. Petrmies	147.9	+4.4	24	2.4
Cie Bancaria	308	—	5	1.8
C.G.E.	25.5	-0.5	10	4.1
Cie du Nord	141.5	-2.4	27	7.4
Crédit Com. France	325	—	3	18.6
Crédit Foncier	133.2	-1.5	—	15.4
Deman N.M.	82.3	—	4.5	—
S. A. Dunlop	60	—	3	7.3
Esmis Standard				

Fin. lens	39.5		15.6	6.9
Gal. Lafayette	84.5	+ 1.5	7.5	4.6
Gen. Occidentale	147		6	4.4
[metal]	75	-0.6	4.5	6.0
Laforge	173.5	+ 2.3	15	9.0
L'Oron	830	+ 12	13.5	1.5
Machine Bull	30.2	+0.1	—	—
Michelin "8"	968	—	27.25	3.1
Met Hennessy	487	+ 15	10.8	2.3
Paribas	164.5	+ 2.6	16.5	1.0
Pechiney	118.5	-0.5	14.1	10.4

Peightol Corp. 10	227.8	+7.8	13.6	8.1
Prisel	137.9	+1.9	12	8.5
Printemps	75	-0.6	3	5.8
Reclams	519	+6	118	3.6
Rhoads Poolcare	129	+1	15.75	12.2
Sandler S.A.	85	-0.4	12	14.4
Sankt Gobain	121.5	-1	13.2	8.9
Soc. Nat'l. Inv.	245		22.6	9.1
Suez	219.5	+5	225	10.0
U.S.F.	202	+5	9.45	4.7
Thompson Brandt	181	-0.5	12.75	1.6
Unior	77	-0.3	11.55	1.5

MILAN				
June 26	Price Lire	+ or —	Div. Lire	Yld. %
Alitalia Priv .....	1,120	40	—	—
ANIC .....	809	14	60	7.4
Autonoma Ass. ....	4,200	—	150	5.2
Banquet .....	1,332	7	70	6.3
Brevia .....	2,220	—	150	6.8
Caripio .....	12,870	—	530	—

Capital	8,000	630	200	2.3
CGIA	1,410	14		
General	4,500	180	300	6.7
Dominion	339	4	50	1.5
Erle	2,615	270	125	4.8
Fiat	1,045	51	100	9.6
Pa. Priv	770	1	100	13.0
Fininvest	544.75	0.26	20	5.8
Generali	64,020	980	500	7.8
IFI Priv	2,349	71	150	5.5
Invest B	2,095	+1	140	6.7
Investments	14,495	365	360	1.5

Italgas	460	15	40	8,7
Italciner	398	2	60	1,5
La Centrale	9.650	140	400	4,1
Marcelli Kreole	531	19	—	—
Mobilomatic	68.050	250	1.128	1,6
Montedison Priv.	1.565	3	180	7,7
Montedison	562,75	16,25	33	6,9
Motta	1.385	13	—	—
Olivetti Priv.	953	8	70	7,3
Pirelli A.C.	1.195	15	95	7,9
Pirelli SpA	733	9	—	—
RAS	70.650	150	500	0,8

Insurance	90.12	-0.88	—	—
Liability	2,290	+10	—	—
S.A.F.F.A.	5,600	-78	200	3.6
S.T.E.T.	1,619	+16	160	9.9
Sara Vickers	1,482	-37	72	4.8
Sec. Gen. Inmob.	250	-5.75	—	—

Soc. Ind. Pirelli	125	14	9.0	Switzerland, Pr.	104½	+1	10
Société L. 7680	432	8.5	6.9	G. Northern Rld.	150		10
Sur. Lat. Comp	220	-1	10	Nord. Kabab	230½	½	12
Sw. Banked Switz	2,350	20	2.4	Oldenburg	215½	½	12
Waterbury	1,670½	30	1.2	Pravoslav	172½	-½	11
Zurich Ins.	3,575	40	2.2	South. Denmark	305½	-¾	11

and yield exclude special payments  
ated div. w Unofficial trading, t  
holders only. w Market pending,  
t Bid \$ Traded. t Seller. 2  
-x Ex rights. -x Ex dividend  
scrip issue. -x Ex all. A Int  
increased.

## OTHER MARKETS

June 26	Price %	+ or -
Creditanstalt.....	580	
Firstmonsee.....	566	

## OVERSEAS SHARE INFORMATION

[illegible][illegible]



## FARMING AND RAW MATERIALS

## EEC plan to drain wine 'lake'

By Robin Reeves

BRUSSELS, June 26. PROPOSALS aimed at promoting a better balance between EEC wine production and consumption, thereby ridding the community of its surplus wine lake, have been agreed by the European Commission. They will be put before next month's meeting of the Council of Agricultural Ministers.

The proposals include a ban on all new vine plantings until January 1977, or even longer if the Council decides on an extension; replanting of only higher yielding, lower yielding varieties in some areas a limit of 100,000 on the number of vines which can be replanted; an increase of 0.5 of a degree hectolitre in the minimum alcohol content for all wines and 1 degree hectolitre in table wine; voluntary, or even compulsory, distillation of bad quality vines at the beginning of the season for which growers would be paid 50 per cent of the guide price.

The proposals are unlikely to be greeted enthusiastically by the Council. But Ministers considered themselves taking action to improve the structural equilibrium in the EEC wine market at the time of the "wine war" in April.

## SETTLEMENT OF TIN DISPUTE FORECAST

By Our Commodities Editor

MUTUALLY agreed settlement between the Tin Council and the buffer stock manager, Mr. Tom Adnan, and his deputy, Mr. Jaime Bueno, is forecast by the Investors Chronicle in its issue, out to-day.

The article says that Mr. Adnan emphatically denies that he had been dealing on his own account. The Tin Council is expected to issue a press communiqué to-day.

## MALAYSIAN PALM OIL OUTPUT UP

KUALA LUMPUR, June 26.

Peninsular Malaysia's palm oil production in April rose to 91,169 tons from 80,489 tons in March, the Statistics Department said.

Palm oil exports rose to 88,749 tons from 82,710 tons (revised) in the previous month. Stocks at the end of April totalled 114,310 tons (111,483 tons).

## Big expansion planned in U.K. sugar beet output

BY PETER BULLEN

WORK HAS begun on a five-year expansion programme to enable the U.K. to produce half—instead of only a third—of its sugar requirements by 1980, the British Sugar Corporation announced yesterday.

BSC is planning to expand at least five of its 17 sugar beet processing factories to process the beet from an anticipated 100,000 extra acres. In the next 12 months it will spend £15m. and in the four subsequent years "substantially" more on a programme which at current prices will cost between £75m. and £100m.

Mr. Kenneth Sinclair said the expansion would save some £50m. a year on the country's food import bill. An enlarged and more efficient beet processing industry would also substantially help to keep prices down in future for both housewives and manufacturers.

The investment will be financed from depreciation funds and retained profits and will be subject to alteration each year in the light of developments in

the sugar market and the economy generally. The Government agrees with the BSC's plans which are in line with the expansion in the U.K.'s beet output envisaged in the Government's recent White Paper "Food from our own resources".

"In recent years we have not been able to expand at the rate we would have liked. And latterly we have had the wet and seed period leading up to the referendum. But the 'yes' vote for the EEC and the White Paper have given us the go ahead we wanted for this massive expansion and modernisation programme," said Mr. Sinclair.

The five factories at which the increased production will be achieved mainly are York and Bury St. Edmunds in Suffolk, Canterbury and Walsingham in Norfolk and Newark in Nottinghamshire. Work has already started at York and Newark.

Sugar beet growers will have to expand output to match the expansion in processing facilities but surveys have shown that the present 500,000 acres can be

enlarged to 600,000 and that land is available at economic transport distances from existing factories. Some farmers will be disappointed however that the BSC has decided against using some of the planned investment in putting up new factories.

To get growers to expand they will need to be offered a price for their beet that makes the crop profitable in comparison with other arable crops and the BSC is hoping—as are farmers themselves—that an early decision by the EEC to adjust the value of the "Green E" will help in this direction. Even a 7 per cent change would give producers about an extra £1 a ton.

This year a record 480,000 acres of beet has been sown and though it is too early for firm forecasts, BSC reported yesterday that the crop is looking very good and healthy and the hot spell is doing no harm. Providing there are no disastrous changes in conditions the crop should provide an average yield of 850,000 to 900,000 tons.

The EEC countries responsible for releasing the Community's present food aid target of 1,250,000 tons had "lamentably failed to respond to the challenge of our times for immediate aid to the most desperately hungry," said Mr. Grant, particularly the United States and Overseas Development

The Community's decision means that it will be almost impossible to meet the target of 10m. tons of grains a year set by the World Food Conference.

Informal sources said West Germany, Italy and France were chiefly responsible for rejecting a request by the EEC Commission to increase food aid to 2.5m. tons.

Speaking to reporters after his speech, Mr. Grant described the EEC as "a body like the World Food Council."

"That is why I was so sharply critical of the decision," he added.

Informal sources said that, at a meeting of the 36 heads of delegations attending the conference, council president Sayed Marel also hit out sharply at the EEC countries that had blocked the increase.

Mr. Grant said the EEC would consider raising its bilateral aid to compensate for the lack of increased multilateral aid. He announced that Britain had made a grant of £15m. to a scheme by the UN Food and Agriculture Organisation (FAO) to provide food to poor countries. He said the decision would release at least 100,000 tons of fertilizer on outright grant terms.

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## Sharp cut in egg prices

By Our Commodities Staff

EGGS WILL be 3p to 4p a dozen cheaper in the shops next week following another cut in first hand selling prices yesterday.

Large eggs were reduced by 4p a dozen and medium, standard and small by 3p following the 3p a dozen cuts made in the smaller grades last week.

The news of the cuts was described as a "disaster for an already ailing egg industry" by a spokesman for the Goldenlay egg marketing consortium.

"Producers will now lose around 10p on every dozen eggs their hens lay and the industry as a whole will be losing around £2m. a week. In actual terms eggs will be cheaper than at any time since 1973 and in real terms, allowing for inflation, cheaper than ever before," he claimed.

The U.K. industry blames large imports of cheap French eggs on to their market for the steep decline in prices and it is particularly bitter that the Government has not taken any positive action to prevent the home market being undermined.

The militant U.K. Egg Producers' Association sent a telegram to the Prime Minister yesterday saying U.K. producers had lost confidence in Mr. Fred Peart, the Minister of Agriculture, over the French eggs issue. Producers were railing at the Royal Show next Monday which the Prime Minister is opening and they demanded he received a deputation to discuss the situation.

## LOWER TURKISH COTTON CROP EXPECTED

WASHINGTON, June 25.

PRELIMINARY TRADE forecasts indicate Turkey's 1975 cotton crop will be between 480,000 and 500,000 tonnes but U.S. Agriculture Department sources estimate output will be the lower figure, according to a report from Ankara, Reuters. Last year 599,700 tonnes were produced.

The report said this year's cotton harvest is preliminarily estimated at 625,000 compared with 837,000 in 1974. Late spring rains delayed planting and also washed out some already planted fields, necessitating replanting.

## WOOL FUTURES

Wool futures were unchanged to slightly higher in London yesterday. Sales: 3 (3) lots of 1,500 tons.

## MEAT/VEGETABLES

SMITHFIELD (pence per pound): Beef: Scotch killed sales 4.0 to 4.1. Elsewhere: 3.5 to 4.0. Pork: 2.5 to 2.6. Bacon: 2.5 to 2.6. Lamb: 2.5 to 2.6. Chicken: 2.5 to 2.6. Turkey: 2.5 to 2.6. Vegetables: 2.5 to 2.6.

## CEREAL REBATES

CEREAL REBATES—Effective from July 1 (in units of 100 tonnes): Soft wheat and mixed wheat: 1.00. Hard wheat: 1.00. Barley: 1.00. Oats: 1.00. Rye: 1.00. Buckwheat: 1.00. Sorghum: 1.00. Millet: 1.00. Amaranth: 1.00. Quinoa: 1.00. Buckwheat: 1.00. Sorghum: 1.00. Millet: 1.00. Amaranth: 1.00. Quinoa: 1.00.

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## TIED COTTAGES

## Still essential for livestock farming

BY JOHN CHERRINGTON, AGRICULTURE CORRESPONDENT

I SHOULD first declare my interest. I have always housed a proportion of my employees in tied houses and have done so not because I am particularly fond of the system, but because it costs less overall costs, but because I find that by offering a good house I can get a better employee or one that suits me better than one of those available locally. I secured one possession order about 50 years ago when a man in a house on a farm I took over said he would sooner die than work for me! Fortunately he moved away. Since then any partings have been amicable and I have been able to get replacements with no trouble.

The issue is hotting up again and this time it looks as though the National Union of Agricultural Workers (NUAW) really has got the Government on its side. In a recent speech Mr. Gavin Strang, Parliamentary Secretary at the Ministry of Agriculture, said the following after reiterating the Labour Party's historic commitment to its abolition.

"I cannot accept the view that the agricultural tied cottage is in any way on all fours with other forms of service accommodation. This is not comparing like with like. Everyone who has thought seriously about the reform realises that there are special agricultural problems associated with it. Tackling the agricultural tied cottage on its own means that it will be easier for us to solve them."

If Mr. Strang's phrasing is to be taken as the NUAW leadership hopes, it will mean that the 90,000 odd workers living in tied houses will be given a life tenancy of their present accommodation, whether or not they remain in their job. The Union's case is not as crude as that. It claimed that tied houses give farmers undue power over their men; causes hardship through eviction; keep wages down and generally make their members living in them into second class citizens. In Scotland, by contrast, the workers union, in this case the Transport Workers, wish to retain the system.

The National Farmers' Union and the Country Landowners' Association claim that the tied house is essential for the efficient running of farms particularly for

livestock, that it provides opportunities for promotion in the industry, and that in any case these houses are providing a valuable addition to the nation's housing stock. It is pointed out that even in the event of eviction the farm cottage tenant has far greater security than that for any other service accommodation.

It is also fair to say that although possession orders, as against actual evictions, have been rising in recent years, these are often arranged between farmers and those of their men retiring or wishing to leave farming and whose only hope of getting a council house is to present the housing authority with such a document. The refusal of the NUAW to co-operate with the Government in this way would make it possible for housing authorities to allocate accommodation to retiring farm workers is an indication of the hard line that the Union is adopting. It thinks the Government is on its side.

There have been a number of reports on the subject of which the latest is that of the Tavistock Institute which points such a neutral picture. Both the NUAW and the NUAW claim that it vindicates its own point of view. The NUAW points out that according to the report men living in tied cottages actually earn between 15 and 20 per cent more than those in other housing even when doing the same work and that the amenities of the housing provided were marginally better than others.

More importantly it says that 75 per cent of all cowmen, stockmen, managers and bailiffs and over 60 per cent of all tractor drivers and foremen are also born in their job. Mr. Reg Bottin, the NUAW Secretary, claims for his side that because of a proportion of farmers questioned in the survey, 55 out of 169 in fact, said they did not want any tied houses, and that farmers could well manage without them. Then he went on to rehearse the old string of objections about evictions.

This attitude is not to be lightly disregarded. Anyone living in service occupation has to face the hazard of losing his house with his job. But that all farmers are not heartless ogres

is shown by the fact that 14 per cent of all tied houses are occupied by pensioners. That 8 per cent are empty is a sad state of affairs. It is not in reserve to avoid the necessity of evictions. Nevertheless, across the spectrum of farming there are some hard cases, inhuman employers, and difficult employees. These could be dealt with by special legislation, giving further security rather than a blanket abolition of the whole system.

Because there is no doubt in my mind that the disappearance of the service house could affect some forms of food production materially. This would particularly apply to livestock systems which are becoming more and more intensive. Many of these are situated well away from towns and villages and unless those in charge could be housed on the job farmers would be left to fend for themselves.

These cowmen and stockmen are in many cases managers of their particular units, very different from their predecessors, and even when many of them move from job to job during their career to gain experience and better themselves. This mobility is appreciated and would disappear if there were no service housing for them. They would be condemned to stay in the same locality for the rest of their lives or until the country's housing stock improved.

The importance of the livestock sector is best explained by the fact that it provides nearly 70 per cent of all farm output. Livestock does need attention seven days a week and unless farmers are prepared to what they and their families can manage a better way of putting their livelihoods at considerable risk.

Arable farming of different classes is now becoming so mechanised that it would probably suit most farmers so engaged to use contractors and machine men rather than whole time workers but it is difficult to see how the generally efficient structure of the British livestock industry could be maintained or even increased as set out in the recent White Paper without some form of housing solution.

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## PRICE CHANGES

Prices per ton unless otherwise stated

Commodity	June 26	June 27	Month
Wheat	124.00	124.00	124.00
Barley	124.00	124.00	124.00
Oats	124.00	124.00	124.00
Rye	124.00	124.00	124.00
Buckwheat	124.00	124.00	124.00
Sorghum	124.00	124.00	124.00
Millet	124.00	124.00	124.00
Amaranth	124.00	124.00	124.00
Quinoa	124.00	124.00	124.00
Buckwheat	124.00	124.00	124.00
Sorghum	124.00	124.00	124.00
Millet	124.00	124.00	124.00
Amaranth	124.00	124.00	124.00
Quinoa	124.00	124.00	124.00

## U.S. Markets

Stop-loss selling puts silver down

SILVER sold off sharply on Commission news of a possible sale of silver to the Soviet Union. Trade short-covering pushed silver higher. Chicago grain markets were mixed. Corn and wheat advanced on excellent new crop prospects and a weaker dollar. Soybean futures were mixed. Cotton futures were mixed. Oil futures were mixed. Gold futures were mixed. Silver futures were mixed. Copper futures were mixed. Nickel futures were mixed. Zinc futures were mixed. Lead futures were mixed. Tin futures were mixed. Aluminum futures were mixed. Iron ore futures were mixed. Steel futures were mixed. Coal futures were mixed. Lumber futures were mixed. Paper futures were mixed. Textile futures were mixed. Chemical futures were mixed. Pharmaceutical futures were mixed. Food futures were mixed. Beverage futures were mixed. Tobacco futures were mixed. Rubber futures were mixed. Plastic futures were mixed. Glass futures were mixed. Cement futures were mixed. Brick futures were mixed. Tile futures were mixed. Stone futures were mixed. Metal futures were mixed. Machinery futures were mixed. Equipment futures were mixed. Transportation futures were mixed. Services futures were mixed. Real estate futures were mixed. Insurance futures were mixed. Finance futures were mixed. Technology futures were mixed. Media futures were mixed. Entertainment futures were mixed. Sports futures were mixed. Health futures were mixed. Education futures were mixed. Religion futures were mixed. Politics futures were mixed. Law futures were mixed. Medicine futures were mixed. Science futures were mixed. Art futures were mixed. Literature futures were mixed. Music futures were mixed. Film futures were mixed. Television futures were mixed. Radio futures were mixed. Internet futures were mixed. Mobile futures were mixed. Cloud futures were mixed. Virtual futures were mixed. Augmented futures were mixed. Mixed futures were mixed. Other futures were mixed.

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**HOTELS—Continued**[illegible]







## Benn cautious over EEC energy policy

BY REGINALD DALE

LUXEMBOURG, June 26.

ON HIS FIRST VISIT to the EEC Council of Ministers, Mr. Anthony Wedgwood Benn today called for greater openness in Common Market decision-making and pledged that he would work to defend Britain's national interests in the EEC context.

The new Energy Secretary, until the referendum one of the Government's leading anti-Marketplace, told a Press conference it struck him as "strange" that the public and Press were not admitted to the Council's proceedings.

Inside the Council, Mr. Benn took a cautious line towards most of the proposals on the agenda which were aimed at setting up a common energy policy. He said Ministers had shown a "high degree of responsibility" in not rushing through decisions on the complex issues involved. No new decisions were, in fact, taken today on any point on the agenda.

However, Mr. Benn approved the idea of harmonising Summer Time throughout the Community which will now be studied and his officials stressed that on other points he had been more cautious than most of the other Ministers.

His general approach was circumspect rather than disruptive.

The British Minister reportedly took no part in a sharp exchange of views between France and other Community members over the next moves to

be made in international energy co-operation, with the French insisting that no decision should be taken on a new "floor price" for oil imports until the dialogue between oil producers and consumers had been resumed.

The exchange reflected continuing tension between the eight Community countries that are members of the Paris-based International Energy Agency and France, which alone of the Nine is not a member.

The French Minister, M. Michel d'Ornano, also appeared to feel that no new measures to forestall a future oil crisis needed to be taken at this stage, although the other countries want to progress in this direction. He repeated the French argument that the IEA energy-sharing system, if put into effect, could oblige the other eight to impose export controls against France, which would be illegal under EEC rules.

The Nine should have their own separate policy, he urged. The Dutch delegation challenged France to specify what should be done in a future oil crisis, but received little answer other than that the difficulty should be faced as and when it occurred. The Dutch feel that if France does not want to join the IEA, it should not try to stop the other eight from trying to make progress in the organisation.

After an inconclusive debate on alternative energy sources,

the general view seemed to be that another energy council should be held towards the end of next month if possible or, failing that, in September. Mr. Benn suggested that all the Nine Governments should now put their ideas to the Commission, which would then try to work out an action programme in the common interest.

Mr. Benn declined to accept a Commission proposal that Community funds should be used to subsidise 25 per cent. of the cost of oil or gas prospecting in areas where it might not otherwise be economically viable — at least without further study. In the British North Sea sector, all available resources were being concentrated in the blocks that had already been licensed, and funds should not be drawn away into more difficult areas, he argued.

His doubts were shared by the Netherlands and Ireland. The three countries may also have been put off by a further suggestion from the Commission that the other EEC members should have guaranteed access to oil or gas discovered through the use of Community funds.

There was no great enthusiasm for this proposal from the other countries, some of whom pointed out that a 25 per cent. stake in a venture was not normally considered enough to secure control.

State expects N. Sea oil deficit, Page 10.

## 24% rise for steelworkers is agreed

BY LORELES OISLAGER

A 24 PER CENT. pay rise was agreed last night for some 70,000 manual workers of the British Steel Corporation, which union leaders claimed was well within the current social contract guidelines.

The deal includes a secret cost-of-living arrangement, which will now be discussed with the Government, and could well put the deal outside the contract if strictly interpreted.

The agreement is also only for a seven-month period, and will run out on January 1. This is because both the union and BSC want to bring all annual wage pacts to a "January-to-January" timescale.

The 24 per cent. includes consolidation of existing threshold payments. The "new money" rise is 14 per cent. In striking the deal last night, leaders of the Iron and Steel Trades Confederation promised the company to help increase to £110m. from £100m. the savings fund to avoid massive redundancies. The initial £100m. six-point cost-saving plan was agreed between BSC and all the unions represented in the company on May 19.

While negotiating last night's pay deal—the last major public-sector agreement in the current round of wage negotiations—and before a revamped social contract has been worked out—union leaders were once again told of BSC's extremely precarious financial situation. The corporation was said to be now making a loss of £4m. a week.

One reason why the part of the agreement dealing with protection against further inflation is being kept secret is because both sides want to clear it with the Government, which has to fund BSC's deficit this year. Mr. Bill Sirs, general secretary of the ITC, said the Government might have to give the Corporation up to £800m. this year. The Government was keeping a very close watch on the corporation's expenditure.

Mr. Sirs, whose union had initially asked for a 30 per cent. pay rise and a further 1 per cent. increase for each 1 per cent. increase in the retail price index, said he thought he had got as good an agreement as possible under the circumstances.

The union had also been conscious of the fact that a new pay policy was in process of being worked out, either in the form of a new social contract or Government action aimed at reducing inflation.

The union felt it had honoured the social contract and was helping the Government, which itself had been helpful when steelworkers were fighting against BSC's threat to make 20,000 people redundant this year.

The pay negotiations, which followed a deal of around 21 per cent. increase for some 35,000 BSC craftsmen last month, were described as having been "extremely difficult." The BSC Board and even the corporation's chairman, Sir Monty Finniston, were consulted before the final deal was made.

## THE LEX COLUMN

# Underwriters on the defensive

So far underwriters of this year's wave of rights issues have led something of a charmed life—while picking up around £9m. of sub-underwriting fees in the process—but the storm clouds are now gathering over one or two of the more keenly priced issues. The most nervous underwriters must be those supporting BOC, which always looked to have pitched its rights somewhat finely—at only 19 per cent. under the price on the night before impact day—and has been faced with an overall decline of a tenth in the market in the subsequent fortnight. The shares are now back to the issue price—a situation also faced by Unicom Industries among the smaller fund-raisers.

Of course, there has been enough volatility in the equity market this year to leave plenty of time for a way out. Even if a substantial proportion of an issue should stick—only 70 per cent. of Unigate's rights issue was taken up, for instance—it may still be possible to place the shares at a premium.

It would be wrong to think that one failure would clobber the hopes of all the companies which have booked places in the queue. But the underwriters are getting more fussy, and issuing houses may have to give something more away in the terms (there was an obvious difference between Metal Box and Bowater this week) if they are to be absolutely sure of avoiding the embarrassment of aborting an issue in public.

Meanwhile the Government Broker's queue has been quickly stretching out in recent weeks, and now reaches October (with large issues limited to two a week). The holiday period could see a few gaps, however, and there may be more of an optional character to these later bookings: recent issues, in contrast, must have felt a certain sense of urgency when reserving post-referendum dates back in March.

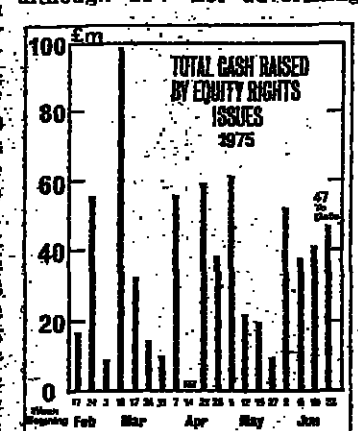
### ATV

Associated Television's profitable expansion into the non-TV areas of entertainment is continuing to be undermined by the problems of television contracting. So after a £900,000 drop in pre-tax profits at the half-way stage, the full year total emerges at £1.52m. lower at £5.75m., and the net dividend has been cut by nearly a quarter. Profits from

### Index fell 9.9 to 303.8

the ATV network fell by about £1.4m. Last year from the £3.06m. of 1973-74 and the £4.02m. of the preceding year, while finance charges rose by £1.2m., mainly reflecting the increased investment in feature film production. So there was an advance in the other divisions at the trading level, notably from records and music publishing—and there not from any particular artist but from the success of a spread of performers.

There are no signs of any improvement in TV contracting profits since the end of March: although ITV net advertising



mid-term forecast by £11m. and most broking estimates by around £1m. Racial-Milgo has increased its contribution from £350,000 to £940,000 so the trend to higher margins among the main Racial operations is clear enough with turnover up by 45 per cent. at £50.2m.

The group has again moved well in mobile military communications (Manpacks) which account for something like 40 per cent. of total turnover, and once again the spectacular growth has arisen outside the U.K. and the British Army. Radio communication equipment of one form or another accounts for around 70 per cent. of group sales, and roughly the same percentage figure applies to Racial's turnover outside the U.K. Component costs stabilised towards the end of the year, and in some areas moved slightly lower as rival demand pressures from the consumer durables markets tailed off. At the same time Racial's r and d costs eased.

Plainly, the current year is going to see further sharp growth in earnings with the build-up in orders still very strong. And it begins to look as if profits of over £12m. pre-tax can be comfortably achieved. That compares with a market capitalisation of £63m. at 266p up 4p yesterday. Racial began 1974-75 with net debt well under half of tangible shareholders' funds, and at the end of 1974-75 borrowings were lower. Cover for the 1.6 per cent. yield approaches seven times.

See also Page 31

### Mitchell Cotts

Mitchell Cotts' test for the capital market is a modest £4.74m. rights issue in convertible form. And the offer has its attractions: the equity held steady at 58p yesterday for a conversion premium of little more than a tenth, and the conversion period extends until 1985. MC intends to use the £4.8m. net proceeds as a means of buying U.K. earnings to offset its problems in Africa, which currently centre on the nationalisation of the Ethiopian plantations (Tendaho). After ten months of 1974-75 group profits are running at £5.8m. pre-tax, and with the help of a seasonal surge over the final couple of months MC could return something like £7.6m. for the year, against £9.1m. previously.

See also Page 33

### Racial Electronics

Racial Electronics has raised 1974-75 profits from £6.24m. to £1.52m. lower at £5.75m., and the net dividend has been cut by nearly a quarter. Profits from

its own (clearly conservative)

See also Page 33

See also Page 33

See also Page 33

See also Page 33

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